EXHIBIT 6

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-256129

LGL SYSTEMS ACQUISITION CORP.
165 W. Liberty Street, Suite 220
Reno, NV 89501

NOTICE OF
SPECIAL MEETING
TO BE HELD ON AUGUST 26, 2021

TO THE STOCKHOLDERS OF LGL SYSTEMS ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that a special meeting of LGL Systems Acquisition Corp. ("*LGL*"), a Delaware corporation, will be held at 10:00 a.m. Eastern Time, on August 26, 2021, in a virtual format. You are cordially invited to attend the special meeting, which will be held for the following purposes:

(1) **Proposal No. 1—The Business Combination Proposal**—to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Reorganization and Merger, dated as of March 15, 2021, and as amended by the Amendment No. 1 to Agreement and Plan of Reorganization and Merger, dated as of August 6, 2021 (as may from time to time be further amended, restated, supplemented or otherwise modified, the "*Merger Agreement*"), by and among LGL, LGL Systems Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of LGL ("*Merger Sub*"), and IronNet Cybersecurity, Inc., a Delaware corporation ("*IronNet*"), a copy of which is attached to this proxy statement/prospectus as *Annex A*, and the transactions contemplated thereby, including the merger of Merger Sub with and into IronNet, with IronNet surviving as a wholly owned subsidiary of LGL (the "*Business Combination*", and LGL post-Business Combination being referred to as "*LGL*" or the "*Combined Company*") —we refer to this proposal as the "*Business Combination proposal*";

(2) **Proposal No. 2—The LGL Charter Proposals**—to consider and vote upon separate proposals to approve amendments to LGL's current amended and restated certificate of incorporation (the "*Existing Certificate*"). The proposed amendments detailed below will be voted on separately and are collectively referred to as the "*LGL charter proposals*":

a. *Name Change Charter Amendment*—to change the name of the public entity to "IronNet, Inc." as opposed to "LGL Systems Acquisition Corp.";

b. *Authorized Share Charter Amendment*—to increase LGL's capitalization so that it will have 500,000,000 authorized shares of a single class of common stock and 100,000,000 authorized shares of preferred stock, as opposed to LGL having 75,000,000 authorized shares of Class A common stock, 10,000,000 authorized shares of Class B common stock and 1,000,000 authorized shares of preferred stock;

c. *Actions by Stockholders Charter Amendment*—to require that stockholders only act at annual and special meeting of the corporation and not by written consent;

d. *Corporate Opportunity Charter Amendment*—to eliminate the current limitations in place on the corporate opportunity doctrine;

e. *Voting Thresholds Charter Amendment*—to increase the required vote thresholds to 66 2/3% for stockholders to approve amendments to the bylaws and amendments to certain provisions of the certificate of incorporation; and

f. *Additional Charter Amendment*—to approve all other changes, including to delete the various provisions applicable only to special purpose acquisition corporations (such as the obligation to dissolve and liquidate if a business combination is not consummated within a certain period of time) that will no longer be relevant following the consummation of the Business Combination (the "*closing*");

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(3) **Proposal No. 3—The NYSE Proposal**—to consider and vote upon a proposal to approve, for purposes of complying with applicable listing rules of the New York Stock Exchange (the "*NYSE*"), the issuance of shares of common stock pursuant to the Business Combination and the issuance of shares of common stock to certain accredited investors or qualified institutional buyers in a private placement, the proceeds of which will be used to finance the Business Combination and related transactions and the costs and expenses incurred in connection therewith with any balance used for working capital purposes—we refer to this proposal as the "*NYSE proposal*";

(4) **Proposal No. 4—The Director Election Proposal**—to consider and vote upon a proposal to elect eleven (11) directors who, upon consummation of the Business Combination, will become the directors of the Combined Company—we refer to this proposal as the "*director election proposal*";

(5) **Proposal No. 5—The Incentive Plan Proposal**—to consider and vote upon a proposal to approve the IronNet, Inc. 2021 Equity Incentive Plan, which is an incentive compensation plan for directors and employees of the Combined Company following the Business Combination —we refer to this proposal as the "*incentive plan proposal*";

(6) **Proposal No. 6 —The ESPP Proposal—** to consider and vote upon a proposal to approve the IronNet, Inc. 2021 Employee Stock Purchase Plan (the "*ESPP*"), to assist the Combined Company in aligning the long-term financial interests of its employees with the financial interests of its stockholders, as well as attracting, retaining and motivating employees and encouraging them to devote their best efforts to the Combined Company's business and financial success—we refer to this proposal as the "*ESPP proposal*";

(7) **Proposal No. 7—The Adjournment Proposal**—to consider and vote upon a proposal to adjourn the special meeting to a later date or dates if it is determined that more time is necessary or appropriate, in the judgment of LGL's board of directors or the officer presiding over the special meeting, for LGL to consummate the Business Combination (including to solicit additional votes in favor of any of the foregoing proposals)—we refer to this proposal as the "*adjournment proposal*."

These items of business are described in the attached proxy statement/prospectus. **We encourage you to read the attached proxy statement/prospectus in its entirety, including the Annexes and accompanying financial statements, before voting. IN PARTICULAR, WE URGE YOU TO CAREFULLY READ THE SECTION ENTITLED "*RISK FACTORS.*"**

Only holders of record of LGL common stock at the close of business on July 19, 2021 (the "*LGL Record Date*") are entitled to notice of the special meeting and to vote and have their votes counted at the special meeting and any adjournments or postponements of the special meeting. LGL stockholders may attend, vote and examine the list of LGL stockholders entitled to vote at the special meeting by visiting https://www.cstproxy.com/lglsystems/2021 and entering the control number found on their proxy card, voting instruction form or notice they receive.

After careful consideration, LGL's board of directors has determined that each of the Business Combination proposal, the LGL charter proposals, the NYSE proposal, the director election proposal, the incentive plan proposal, the ESPP proposal and the adjournment proposal is fair to and in the best interests of LGL and its stockholders and unanimously recommends that you vote or give instruction to vote "FOR" the Business Combination proposal, "FOR" each of the LGL charter proposals, "FOR" the NYSE proposal, "FOR" the election of all of the persons nominated by LGL's management for election as directors, "FOR" the incentive plan proposal, "FOR" the ESPP proposal and "FOR" the adjournment proposal, if presented. When you consider the recommendation of LGL's board of directors, you should keep in mind that LGL's directors and officers may have interests in the Business Combination that conflict with your interests as a stockholder. See the section entitled "*Proposal No. 1—The Business Combination Proposal—Interests of the Sponsor and LGL's Directors and Officers in the Business Combination*."

Pursuant to the Existing Certificate, LGL is providing the holders of shares of LGL Class A common stock originally sold as part of the units issued in its initial public offering (the "*IPO*," such shares, the "*Public Shares*," and such holders, the "*Public Stockholders*") with the opportunity to redeem, upon the closing, the

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Public Shares then held by them for cash equal to their pro rata share of the aggregate amount on deposit as of two business days prior to the closing, in the trust account (the "*Trust Account*") that holds the proceeds (including interest not previously released to LGL to pay its income taxes or any other taxes payable) from the IPO. For illustrative purposes, based on the fair value of cash and marketable securities held in the Trust Account as of July 19, 2021, the LGL Record Date, of approximately $173.0 million, the estimated per share redemption price would have been approximately $10.03. Public Stockholders may elect to redeem their shares whether or not they are holders as of the LGL Record Date and whether or not they vote for the Business Combination proposal. Holders of LGL's outstanding warrants sold in the IPO, which are exercisable for shares of LGL common stock under certain circumstances, do not have redemption rights in connection with the Business Combination. LGL Systems Acquisition Holding Company, LLC, as the initial stockholder of LGL (the "*Sponsor*") has agreed to waive its redemption rights in connection with the Closing with respect to its shares, and the Sponsor's shares will be excluded from the pro rata calculation used to determine the per share redemption price. As of the LGL Record Date, the Sponsor owned approximately 20% of outstanding LGL common stock.

Consummation of the Business Combination is conditioned on approval of the Business Combination proposal, the LGL charter proposals, the NYSE proposal and the director election proposal (and each such proposal is cross-conditioned on the approval of each such other proposal) (collectively, the "*Required Proposals*"). The incentive plan proposal and ESPP proposal are conditioned upon the approval of the Required Proposals. If any of the Required Proposals is not approved, the other proposals will not be presented to LGL stockholders for a vote.

All LGL stockholders are cordially invited to attend the special meeting which will be held in virtual format. You will not be able to physically attend the special meeting. To ensure your representation at the special meeting, however, you are urged to complete, sign, date and return the proxy card accompanying the proxy statement/prospectus as soon as possible. If you are a stockholder of record holding shares of LGL common stock, you may also cast your vote at the special meeting electronically by visiting https://www.cstproxy.com/lglsystems/2021. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares or, if you wish to attend the special meeting and vote electronically, obtain a proxy from your broker or bank.

A complete list of LGL stockholders of record entitled to vote at the special meeting will be available for ten days before the special meeting at the principal executive offices of LGL for inspection by stockholders during business hours for any purpose germane to the special meeting.

Your vote is important regardless of the number of shares you own. **Whether you plan to attend the special meeting or not, please complete, sign, date and return the enclosed proxy card as soon as possible in the envelope provided. If your shares are held in "street name" or are in a margin or similar account, you should contact your broker to ensure that votes related to the shares you beneficially own are properly counted.**

Thank you for your participation. We look forward to your continued support.

By Order of the Board of Directors

/s/ Marc J. Gabelli
Marc J. Gabelli
Chairman of the Board of Directors and Co-Chief Executive Officer

August 6, 2021

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PROXY STATEMENT FOR SPECIAL MEETING OF

LGL SYSTEMS ACQUISITION CORP.

PROSPECTUS FOR UP TO 86,340,000 SHARES OF COMMON STOCK

The board of directors of each of LGL Systems Acquisition Corp., a Delaware corporation ("*LGL*"), and IronNet Cybersecurity, Inc., a Delaware corporation ("*IronNet*"), has unanimously approved the Agreement and Plan of Reorganization and Merger, dated as of March 15, 2021, as amended by Amendment No. 1 to Agreement and Plan of Reorganization and Merger dated as of August 6, 2021 (as may from time to time be further amended, restated, supplemented or otherwise modified, the "*Merger Agreement*"), by and among LGL, LGL Systems Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of LGL ("*Merger Sub*"), and IronNet, pursuant to which Merger Sub will merge with and into IronNet, with IronNet surviving as a wholly owned subsidiary of LGL (the "*Business Combination*", and the post-Business Combination entity being referred to as "*LGL*" or the "*Combined Company*"). Upon the closing of the Business Combination, LGL intends to change its name from "LGL Systems Acquisition Corp." to "IronNet, Inc."

Pursuant to the Merger Agreement, (i) each outstanding share of IronNet common stock and IronNet preferred stock (with each share of IronNet preferred stock being treated as if it were converted into ten (10) shares of IronNet common stock on the effective date of the Business Combination) will be converted into the right to receive (a) a number of shares of LGL common stock equal to the exchange ratio, the numerator of which is $863,400,000 divided by $10.00, and the denominator of which is equal to the number of shares of IronNet common stock on a fully-diluted basis as of immediately prior to the effective time of the Business Combination, including shares of IronNet common stock issuable upon conversion/exercise of outstanding IronNet options, IronNet warrants, IronNet restricted stock units and IronNet restricted stock awards (in each case, whether or not vested) and (b) a cash amount payable in respect of fractional shares of LGL common stock that would otherwise be issued in connection with the foregoing conversion, if applicable, and (ii) each IronNet option, IronNet restricted stock unit, IronNet restricted stock award or IronNet warrant that is outstanding immediately prior to the closing of the transactions (and by its terms will not terminate upon the closing of the transactions) will remain outstanding and thereafter (x) in the case of options, represent the right to purchase a number of shares of LGL common stock equal to the number of shares of IronNet common stock subject to such option multiplied by the same exchange ratio used for IronNet common stock (rounded down to the nearest whole share) at an exercise price per share equal to the current exercise price per share for such option divided by such exchange ratio (rounded up to the nearest whole cent), (y) in the case of warrants, represent the right to purchase a number of shares of LGL common stock equal to the number of shares of IronNet preferred stock subject to such warrant multiplied by such exchange ratio, multiplied by ten (10) at an exercise price equal to the current exercise price per share (rounded up to the nearest whole cent) for such warrant divided by such exchange ratio, divided by ten (10) (rounded down to the nearest whole share), and (z) in the case of stock units and restricted stock awards, represent a number of shares of LGL common stock equal to the number of shares of IronNet common stock subject to such stock unit or restricted stock award multiplied by such exchange ratio (rounded down to the nearest whole share). In addition, IronNet stockholders and eligible holders of options, warrants, restricted stock unit awards and restricted stock awards (as applicable, only to the extent time vested as of the closing of the Business Combination) may also receive as additional merger consideration a pro rata portion of 1,078,125 additional shares of LGL common stock if the volume weighted average share price for LGL's common stock equals or exceeds $13.00 for ten (10) consecutive days during the two year period following the closing of the Business Combination (the "*Earnout Shares*").

If calculated based on the capitalization of IronNet as of July 31, 2021, the exchange ratio is approximately 0.8128 of a share of LGL common stock per fully-diluted share of IronNet common stock.

Proposals to approve and adopt the Merger Agreement and the other matters discussed in this proxy statement/prospectus will be presented for approval by LGL stockholders at the special meeting of stockholders of LGL scheduled to be held on August 26, 2021, in virtual format and approval by IronNet stockholders via written consent.

On March 15, 2021, LGL executed subscription agreements with certain investors for the sale of an aggregate of 12,500,000 shares of LGL common stock in a private placement transaction at a purchase price of $10.00 per share for aggregate gross cash proceeds of $125 million. The closing of the sale of these shares will occur concurrently with the consummation of the Business Combination. Of the amounts subscribed for in the private placement, the Sponsor has agreed to purchase 566,000 shares of Class A common stock for $5,660,000.

LGL's Class A common stock, redeemable warrants exercisable for shares of Class A common stock at an exercise price of $11.50 per share, and units (each consisting of one share of Class A common stock and one-half of one redeemable warrant), are currently listed on the New York Stock Exchange (the "*NYSE*") under the symbols DFNS, DFNS.WS and DFNS.U, respectively. Upon the closing of the Business Combination, it is contemplated that LGL will have a single class of common stock. LGL intends to apply for listing on the NYSE, to be effective at the consummation of the Business Combination, of the common stock to be issued in connection with the Business Combination (including the common stock issued pursuant to the related private placement) together with the common stock previously issued in its initial public offering, the warrants issued in its initial public offering and simultaneous private placement, and the common stock underlying the warrants issued in its initial public offering and simultaneous private placement, under the proposed symbols IRNT, in the case of the common stock, and IRNT.WS, in the case of the warrants. LGL will not have units traded on the NYSE following consummation of the Business Combination. It is a condition of the consummation of the Business Combination that the LGL common stock is approved for listing on the NYSE (subject only to official notice of issuance thereof and public holder requirements), but there can be no assurance such listing condition will be met. If such listing condition is not met, the Business Combination will not be consummated unless the listing condition set forth in the Merger Agreement is waived by the parties to that agreement.

LGL is an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "*JOBS Act*"), and has elected to comply with certain reduced public company reporting requirements.

This proxy statement/prospectus provides you with detailed information about the Business Combination and other matters to be considered at the special meeting of LGL stockholders and by IronNet stockholders. We encourage you to carefully read this entire document. **You should also carefully consider the risk factors described in the section entitled "*Risk Factors*" beginning on page 36. These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated August 6, 2021, and is first being mailed to LGL stockholders on or about such date.

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FORWARD-LOOKING STATEMENTS

LGL believes it is important to communicate its expectations to its stockholders. However, there may be events in the future that LGL is not able to predict accurately or over which it has no control. Certain statements in this proxy statement/prospectus may constitute "forward-looking statements" for purposes of the federal securities laws. LGL's forward-looking statements include, but are not limited to, statements regarding LGL, LGL's management team's, IronNet's and IronNet's management team's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this proxy statement/prospectus may include, for example, statements about:

- our ability to consummate the Business Combination;
- the anticipated timing of the Business Combination;
- the expected benefits of the Business Combination;
- the Combined Company's financial and business performance following the Business Combination, including financial projections and business metrics;
- changes in the Combined Company's strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects and plans;
- the implementation, market acceptance and success of the Combined Company's business model and growth strategy;
- IronNet's expectations and forecasts with respect to the size and growth of the cybersecurity industry and IronNet's products and services in particular;
- the ability of IronNet's products and services to meet customers' needs;
- IronNet's ability to compete with others in the cybersecurity industry;
- IronNet's ability to retain pricing power with its products;
- IronNet's ability to grow its market share;
- the Combined Company's ability to attract and retain qualified employees and management;
- the Combined Company's ability to adapt to changes in consumer preferences, perception and spending habits and develop and expand its product offerings and gain market acceptance of its products, including in new geographies;
- the Combined Company's ability to develop and maintain IronNet's brand and reputation;
- developments and projections relating to IronNet's competitors and industry;
- the impact of the COVID-19 pandemic on IronNet's business and on the economy in general;
- IronNet's expectations regarding its ability to obtain and maintain intellectual property protection and not infringe on the rights of others;
- expectations regarding the time during which the Combined Company will be an emerging growth company and a smaller reporting company under SEC rules;
- the Combined Company's future capital requirements and sources and uses of cash;
- the Combined Company's ability to obtain funding for its operations and future growth; and
- the Combined Company's business, expansion plans and opportunities.

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These forward-looking statements are based on information available as of the date of this proxy statement/prospectus, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

You should not place undue reliance on these forward-looking statements in deciding how to vote your proxy or instruct how your vote should be cast on the proposals set forth in this proxy statement/prospectus. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- the occurrence of any event, change or other circumstances that could delay the Business Combination or give rise to the termination of the Merger Agreement;
- the outcome of any legal proceedings that may be instituted against LGL or IronNet following announcement of the proposed Business Combination and transactions contemplated thereby;
- the inability to complete the Business Combination due to the failure to obtain approval of the stockholders of LGL or to satisfy other conditions to the closing of the proposed Merger in the Business Combination Agreement;
- the ability to obtain or maintain the listing of LGL's securities on the NYSE following the Business Combination;
- the risk that the proposed Business Combination disrupts current plans and operations of IronNet as a result of the consummation of the transactions described herein;
- the potential liquidity and trading of LGL's public securities;
- the inability to recognize the anticipated benefits of the proposed Business Combination, which may be affected by, among other things, the amount of cash available following any redemption of public shares by LGL stockholders;
- the ability of the Combined Company to execute its business model and operate in highly competitive markets, and potential adverse effects of this competition;
- risk of decreased revenues due to pricing pressures;
- the Combined Company's ability to attract, motivate and retain qualified employees, including members of its senior management team;
- the Combined Company's ability to maintain a high level of client service and expand operations;
- potential failure to comply with privacy and information security regulations governing the client datasets IronNet processes and stores;
- the risk that IronNet or the Combined Company is unsuccessful in integrating potential acquired businesses and product lines;
- potential issues with IronNet's product offerings that could cause legal exposure, reputational damage and an inability to deliver products or services;
- the ability of the Combined Company to develop new products, improve existing products and adapt its business model to keep pace with industry trends;
- the risk that IronNet's products and services fail to interoperate with third-party systems;
- the ability to maintain effective controls over disclosure and financial reporting that enable the Combined Company to comply with regulations and produce accurate financial statements;

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- the potential disruption of IronNet's products, offerings, website and networks;
- the ability to deliver products and services following a disaster or business continuity event;
- increased risks resulting from IronNet's international operations;
- potential unauthorized use of IronNet's products and technology by third parties;
- global economic conditions;
- the impact of health epidemics, including the COVID-19 pandemic, on IronNet's business and the actions IronNet or the Combined Company may take in response thereto;
- exchange rate fluctuations and volatility in global currency markets;
- changes in applicable laws or regulations;
- the ability to comply with various trade restrictions, such as sanctions and export controls;
- potential intellectual property infringement claims;
- the ability to comply with the anti-corruption laws of the United States and various international jurisdictions;
- potential impairment charges related to goodwill, identified intangible assets and fixed assets;
- potential litigation involving LGL or IronNet following the consummation of the Business Combination;
- costs related to the Business Combination;
- the Combined Company's ability to raise capital; and
- other risks and uncertainties indicated in this proxy statement/prospectus, including those set forth under the section entitled "*Risk Factors*."

Before you grant your proxy or instruct your bank or broker how to vote, or vote on the Business Combination proposal, the LGL charter proposals, the NYSE proposal, the director election proposal, the incentive plan proposal, the ESPP proposal or the adjournment proposal, you should be aware that the occurrence of the events described in the section entitled "*Risk Factors*" and elsewhere in this proxy statement/prospectus may adversely affect LGL and/or IronNet.

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RISK FACTORS

The Combined Company will face a market environment that cannot be predicted and that involves significant risks, many of which will be beyond its control. In addition to the other information contained in this proxy statement/prospectus, stockholders should carefully consider the following risk factors, together with all of the other information included in this proxy statement/prospectus, before they decide whether to vote or instruct their vote to be cast to approve the proposals described in this proxy statement/prospectus.

The value of your investment in the Combined Company following consummation of the Business Combination will be subject to the significant risks affecting IronNet and inherent to the industry in which it operates. You should carefully consider the risks and uncertainties described below and other information included in this proxy statement/prospectus. If any of the events described below occur, the Combined Company's business and financial results could be adversely affected in a material way. This could cause the trading price of its common stock to decline, perhaps significantly, and you therefore may lose all or part of your investment.

Risks Related to IronNet's Business and Industry

IronNet has experienced rapid growth in recent periods, and if the Combined Company does not manage its future growth, its business and results of operations will be adversely affected.

IronNet has experienced rapid revenue growth in recent periods, and following the Business Combination the Combined Company expects to continue to invest broadly across its organization to support its growth. For example, IronNet's headcount grew from 196 full-time employees as of January 31, 2019 to 246 full-time employees as of January 31, 2021 and 296 full-time employees as of July 31, 2021. Although IronNet has experienced rapid growth historically, following the Business Combination, the Combined Company may not be able sustain IronNet's current growth rates, nor can we assure you that the Combined Company's investments to support its growth will be successful. The growth and expansion of the Combined Company's business will require it to invest significant financial and operational resources and the continuous dedication of its management team. IronNet has encountered, and the Combined Company will continue to encounter, risks and difficulties frequently experienced by rapidly growing companies in evolving industries, including market acceptance of its products, adding new customers, intense competition, and its ability to manage its costs and operating expenses. The Combined Company's future success will depend in part on its ability to manage its growth effectively, which will require the Combined Company to, among other things:

- effectively attract, integrate and retain a large number of new employees, particularly members of its sales and marketing, data science, and research and development teams;
- further improve its platform and products, including its cloud modules and security capabilities, analytics, collective defense capabilities, and visualizations, and IT infrastructure, including expanding and optimizing its data centers, collection, and analytic capabilities, to support its business needs;
- enhance its information and communication systems to ensure that its employees and offices around the world are well coordinated and can effectively communicate with each other and its growing base of customers and partners; and
- improve its financial, management, and compliance systems and controls.

If the Combined Company fails to achieve these objectives effectively, its ability to manage its expected growth, ensure uninterrupted operation of its platform and key business systems, and comply with the rules and regulations applicable to its business could be impaired. Additionally, the quality of its platform and services could suffer and it may not be able to adequately address competitive challenges. Any of the foregoing could adversely affect the Combined Company's business, results of operations, and financial condition.

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IronNet has a history of losses and the Combined Company may not be able to achieve or sustain profitability in the future.

IronNet has incurred net losses in all periods since its inception. IronNet experienced net losses of $55.4 million and $47.9 million for fiscal 2021 and fiscal 2020, respectively, and $15.5 million and $16.4 million for the three months ended April 30, 2021 and 2020, respectively. As of April 30, 2021, IronNet had an accumulated deficit of $188.8 million. While IronNet has experienced significant growth in revenue in recent periods, we cannot predict when or whether the Combined Company will reach or maintain profitability. We also expect the Combined Company's operating expenses to increase over IronNet's historical expenses in the future as the Combined Company continues to invest for future growth, which will negatively affect its results of operations if its total revenue does not increase. We cannot assure you that these investments will result in substantial increases in its total revenue or improvements in its results of operations. In addition to the anticipated costs to grow the Combined Company's business, we also expect to incur significant additional legal, accounting, and other expenses as a newly public operating company. Any failure to increase the Combined Company's revenue as it invests in its business or to manage its costs could prevent it from achieving or maintaining profitability or positive cash flow.

IronNet's limited operating history makes it difficult to evaluate its current business and the Combined Company's future prospects and may increase the risk of your investment.

IronNet was founded in 2014 and launched its first cybersecurity network detection and response product in 2016 (IronDefense) and its first collective defense product in 2018 (IronDome). IronNet's limited operating history makes it difficult to evaluate its current business, the Combined Company's future prospects, and other trends, including its ability to plan for and model future growth. IronNet has encountered, and the Combined Company will continue to encounter, risks, uncertainties, and difficulties frequently experienced by rapidly growing companies in evolving industries, including its ability to achieve broad market acceptance of cloud-enabled, and/or software as a service ("*SaaS*") delivered cybersecurity solutions and its platform, attract additional customers, grow partnerships, compete effectively, build and maintain effective compliance programs, and manage increasing expenses as it continues to invest in its business. If the Combined Company does not address these risks, uncertainties and difficulties successfully, its business, and results of operations will be harmed. Further, IronNet has limited historical financial data and operates in a rapidly evolving market. As a result, any predictions about the Combined Company's future revenue and expenses may not be as accurate as they would be if IronNet had a longer operating history or operated in a more predictable market.

The COVID-19 pandemic could adversely affect the Combined Company's business, operating results and future revenue.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak has spread across the globe and is impacting worldwide economic activity and financial markets. In light of the uncertain and rapidly evolving situation relating to the spread of COVID-19, IronNet has taken precautionary measures intended to mitigate the spread of the virus and minimize the risk to its employees, customers, partners, and the communities in which it operates. These measures include transitioning its employee population to work remotely from home, imposing travel restrictions for its employees, shifting customer, partner and investor events to virtual-only formats, and limiting capacity at any of its offices which have reopened or may reopen during the pandemic's duration. These precautionary measures, many of which IronNet has now made largely permanent and sustainable, and associated economic issues, both in the United States and across the globe, could negatively affect IronNet's CS efforts, significantly delay and lengthen its sales cycles, impact its sales and marketing efforts, reduce employee efficiency and productivity, slow its international expansion efforts, increase cybersecurity risks, and create operational or other challenges, any of which could harm its business and results of operations. Moreover, due to IronNet's subscription-based business model, the effect of the COVID-19 pandemic may not be fully reflected in the Combined Company's results of operations until future periods, if at all.

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In addition, the COVID-19 pandemic may disrupt the operations of IronNet's prospective clients, customers, and partners for an indefinite period of time. Some of its customers have been negatively impacted by the COVID-19 pandemic, which could result in delays in accounts receivable collection, or result in decreased technology spending, including spending on cybersecurity, which could negatively affect the Combined Company's revenues. Some of its prospective clients have also been negatively impacted by the COVID-19 pandemic, which could result in delays in sales or lengthen purchasing decisions.

More generally, the COVID-19 pandemic has adversely affected economies and financial markets globally, and continued uncertainty could lead to a prolonged economic downturn, which could result in a larger customer turnover than is currently anticipated, reduced demand for IronNet's products and services, and increased length of sales cycles, in which case the Combined Company's revenues could be significantly impacted. The impact of the COVID-19 pandemic may also exacerbate other risks discussed in this "Risk Factors" section and elsewhere in this proxy statement/prospectus. It is not possible at this time to estimate the impact that the COVID-19 pandemic could have on the Combined Company's business, as the impact will depend on future developments, which are highly uncertain and cannot be predicted.

If organizations do not adopt cloud-enabled, and/or SaaS-delivered cybersecurity solutions that may be based on new and untested security concepts, the Combined Company's ability to grow its business and results of operations may be adversely affected.

The Combined Company's future success depends on the growth in the market for cloud-enabled and/or SaaS-delivered cybersecurity solutions. The use of SaaS solutions to manage and automate security and IT operations is rapidly evolving. As such, it is difficult to predict its potential growth, customer adoption and retention rates, customer demand for IronNet's solutions, or the success of existing or future competitive products. Any expansion in IronNet's market depends on a number of factors, including the cost, performance and perceived value associated with its solutions and those of its competitors. If IronNet's solutions do not achieve widespread adoption or there is a reduction in demand for its solutions due to a lack of customer acceptance, technological challenges, competing products, privacy or other liability concerns, decreases in corporate spending, weakening economic conditions, or otherwise, it could adversely affect the Combined Company's business, results of operations and financial results, resulting from such things as early terminations, reduced customer retention rates, or decreased sales. We do not know whether the trend in adoption of cloud-enabled and/or SaaS-delivered cybersecurity solutions that IronNet has experienced in the past will continue in the future. Furthermore, if IronNet or other SaaS security providers experience security incidents, loss, or disclosure of customer data, disruptions in delivery, or other problems, the market for SaaS solutions as a whole, including IronNet's security solutions, could be negatively affected.

In addition to reliance on a cloud-enabled and/or SaaS-delivered model, the cybersecurity solutions of the Combined Company utilize a novel and relatively new approach to collective defense that relies on customers sharing sensitive customer information with the Combined Company. Some of that raw customer information may contain personal or confidential information, or data perceived to be personal or confidential information. From that customer information, the Combined Company generates analytics that allow it to deliver threat knowledge and network intelligence at machine speed across a wide variety of industries. Because this new approach requires the sharing of sensitive customer information, concerns may exist that sharing of the customer information may violate, or be perceived as potentially violating, privacy laws or providing a competitive advantage to another entity. As a result, some current or prospective customers may decide not to procure the Combined Company's products or share any customer information. Such lack of acceptance could have negative effects on the Combined Company, including reduced or lost revenues or inadequate information being available for the Combined Company's analysis, thus making its products less effective. In addition, uncertainties about the regulatory environment concerning personal information and the potential liability raised by sharing such information could further inhibit the broad-scale adoption of its solutions.

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Historically, information sharing related to cybersecurity has been a very well accepted concept from a theoretical perspective but very difficult to implement in practice. Companies are generally reluctant to share their sensitive cyber information with other entities, despite knowing the advantages of doing so. Although raw customer information will not be shared with other parties, it does undergo filtering, concatenation, and other transformations within the IronNet solutions with the goal of removing any sensitive or personal information. Misperceptions may exist, however, about what information gets shared, with whom that information is shared, and the jurisdictions (including foreign countries) of the companies with which the information gets shared. Further, concerns of existing or potential customers may exist related to the ability to completely remove any indicia of the source company, general market rejection of information sharing, or specific market skepticism of IronNet's approach to collective defense, which may further add to a lack of customer acceptance.

In addition to the potential concerns related to sharing sensitive information in a system consisting of commercial or potentially competitive entities, additional concerns can arise when governments become involved as participants in the collective defense ecosystem. From a commercial perspective, companies frequently view information sharing with governments as risky, based on perceptions that the governments might use such shared information to take action against the companies or to otherwise utilize it in a way that will expose such companies to liability. Such perceptions could lead commercial entities to stop sharing, not procure IronNet's services in the first place, or terminate their relationship with the Combined Company altogether. Similarly, governments (as customers) may be unable to properly process such data or utilize it in a meaningful way, or share useful information back into the IronNet solutions. Any of these concerns could lead to reduced sales or contribute to a lack of customer acceptance. In addition, the mere involvement of one or more government entities may harm the Combined Company's reputation with certain companies.

If the Combined Company is unable to attract new customers, its future results of operations could be harmed.

To expand its customer base, the Combined Company will need to convince potential customers to allocate a portion of their discretionary budgets to purchase IronNet's platform and solutions. IronNet's sales efforts have often involved educating its prospective customers about the uses and benefits of its platform and solutions. Enterprises and governments that use legacy security products, such as signature-based or malware-focused products, firewalls, intrusion prevention systems and endpoint technologies, may be hesitant to purchase IronNet's platform and solutions if they believe that legacy security products are more cost effective, provide substantially the same functionality as IronNet's platform and solutions or provide a level of cybersecurity that is sufficient to meet their needs.

The Combined Company may have difficulty convincing prospective customers of the value of adopting IronNet's solutions. Even if the Combined Company is successful in convincing prospective customers that a cloud-enabled platform like IronNet's is critical to protect against cyberattacks, they may not decide to purchase IronNet's platform and solutions for a variety of reasons, some of which are out of IronNet's control. For example, any future deterioration in general economic conditions, including a downturn due to the outbreak of diseases such as COVID-19, may cause IronNet's current and prospective customers to cut their overall security and IT operations spending, and such cuts may fall disproportionately on cloud-based security solutions. Economic weakness, customer financial difficulties, and constrained spending on security and IT operations may result in decreased revenue and adversely affect the Combined Company's results of operations and financial condition. Additionally, if the incidence of cyberattacks were to decline, or enterprises or governments perceive that the general level or relative risk of cyberattacks has declined, the Combined Company's ability to attract new customers and expand sales of IronNet's solutions to existing customers could be adversely affected. If organizations do not continue to adopt IronNet's platform and solutions, the Combined Company's sales will not grow as quickly as anticipated, or at all, and its business, results of operations, and financial condition would be harmed.

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If IronNet's customers do not renew their subscriptions for its products, the Combined Company's future results of operations could be harmed.

In order for the Combined Company to maintain or improve its results of operations, it is important that IronNet's customers renew their subscriptions for its platform and solutions when existing contract terms expire, and that the Combined Company expands its commercial relationships with IronNet's existing customers by selling additional subscriptions. IronNet's customers have no obligation to renew their subscriptions after the expiration of their contractual subscription period, which is generally one year, and in the normal course of business, some customers have elected not to renew. In addition, IronNet's customers may renew for shorter contract subscription lengths or cease using certain solutions. IronNet's customer retention and expansion may decline or fluctuate as a result of a number of factors, including its customers' satisfaction with its services, its pricing, customer security and networking issues and requirements, its customers' spending levels, mergers and acquisitions involving its customers, industry developments, competition and general economic conditions. If the Combined Company's efforts to maintain and expand its relationships with IronNet's existing customers are not successful, the Combined Company's business, results of operations, and financial condition may materially suffer.

As a first mover in collective defense for the commercial sector, IronNet may face significant liability if it is unable to effectively anonymize and safeguard its clients' data.

IronNet is the first major commercial vendor to offer an end-to-end means to take full advantage of the collective defense concept that relies on customers sharing sensitive customer information with IronNet. While raw customer information is not shared with other parties and shared data undergoes filtering and other transformations within the IronNet solution, with the goal of removing any sensitive or personal information, it is possible that customer information could be accessed by third parties (including competitors of IronNet's clients), through a failure of IronNet's procedures to effectively anonymize the shared data or as a result of hackers gaining access to the raw data collected by IronNet. To the extent IronNet is not able to effectively anonymize and protect its customers' data, it may be subject to liability, which could adversely affect its business, results of operations and financial condition. In addition, given the novelty of IronNet's approach, it is possible that other risks could surface of which IronNet is currently unaware.

Competition from existing or new companies could cause IronNet to experience downward pressure on prices, fewer customer orders, reduced margins, the inability to take advantage of new business opportunities and loss of market share.

The market for cybersecurity solutions is intensely competitive, fragmented, and characterized by rapid changes in technology, customer requirements, industry standards, increasingly sophisticated attackers, and by frequent introductions of new or improved products to combat security threats. We expect the Combined Company to continue to face intense competition from IronNet's current competitors, as well as from new entrants into the market. If the Combined Company is unable to anticipate or react to these challenges, its competitive position could weaken, and it could experience a decline in revenue or reduced revenue growth, and loss of market share that would adversely affect its business, financial condition and results of operations. The ability to compete effectively will depend upon numerous factors, many of which are beyond IronNet's control, including, but not limited to:

- product capabilities, including performance and reliability, of its platform, including its services and features particularly in the areas of analytics and collective defense, compared to those of its competitors;
- its ability, and the ability of its competitors, to improve existing products, services and features, or to develop new ones to address evolving customer needs;
- its ability to attract, retain and motivate talented employees;

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- its ability to establish, capitalize on, maintain, and grow relationships with distribution and technology partners;
- the strength of its sales and marketing efforts; and
- acquisitions or consolidation within its industry, which may result in more formidable competitors.

IronNet's competitors include the following companies by general category:

- First generation Network Detection and Response (NDR) vendors such as DarkTrace or Vectra Networks, who offer point products based on Bayesian analysis, outlier analysis, and heuristic detection-based detection;
- Network security vendors, such as Cisco and Palo Alto Networks, Inc., who are supplementing their core network security additional behavioral-based detection with behavioral-based detection, threat intelligence and security operations solutions; and
- Legacy network infrastructure and performance monitoring companies such as ExtraHop and Arista Networks, who are adding security use cases to their infrastructure products.

Many of these competitors have greater financial, technical, marketing, sales, and other resources, greater name recognition, longer operating histories, and a significantly larger base of customers than IronNet does. They may be able to devote greater resources to the development, promotion, and sale of services than the Combined Company can, and they may offer lower pricing than IronNet does. Further, they may have greater resources for research and development of new technologies, the provision of customer support, and the pursuit of acquisitions, or they may have other financial, technical or other resource advantages. IronNet's larger competitors have substantially broader and more diverse product and services offerings as well as routes to market, which may allow them to leverage their relationships based on other products, or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing IronNet's products.

Conditions in IronNet's market could change rapidly and significantly as a result of technological advancements, partnering or acquisitions by competitors or continuing market consolidation. Some of IronNet's current or potential competitors have made or could make acquisitions of businesses or establish cooperative relationships that may allow them to offer more directly competitive and comprehensive solutions than were previously offered and adapt more quickly to new technologies and customer needs. These competitive pressures in the market or the Combined Company's failure to compete effectively may result in price reductions, fewer orders, reduced revenue and gross margins, increased net losses and loss of market share. Further, many competitors that specialize in providing protection from particular types of security threats may be able to deliver these more targeted security products to the market quicker than the Combined Company can or may be able to convince organizations that these more limited products meet their needs.

Even if there is significant demand for cloud-based security solutions like IronNet's or if its competitors include functionality that is, or is perceived to be, equivalent to or better than IronNet's in legacy products that are already generally accepted as necessary components of an organization's cybersecurity architecture, the Combined Company may have difficulty increasing the market penetration of IronNet's platform. Furthermore, even if the functionality offered by other security and IT operations providers is different and more limited than the functionality of IronNet's platform, organizations may elect to accept such limited functionality in lieu of adding products from additional vendors like IronNet. If the Combined Company is unable to compete successfully, its business, financial condition, and results of operations would be adversely affected.

Competitive pricing pressure may reduce gross profits and adversely affect the Combined Company's financial results.

If the Combined Company is unable to maintain IronNet's pricing due to competitive pressures or other factors, its margins may be reduced and its gross profits, business, results of operations and financial condition

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may be adversely affected. The subscription prices for IronNet's platform, solutions, and professional services may decline for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new solutions by competitors, or promotional programs offered by the Combined Company or its competitors. Competition continues to increase in the market segments in which IronNet operates, and we expect competition to further increase in the future. Larger competitors with more diverse product and service offerings may reduce the price of products or subscriptions that compete with IronNet's or may bundle them with other products and subscriptions in an effort to leverage their existing market share to make it harder for newer companies, like IronNet, to effectively compete.

If IronNet's solutions fail or are perceived to fail to detect or prevent incidents or have or are perceived to have defects, errors, or vulnerabilities, its brand and reputation would be harmed, which would adversely affect the Combined Company's business and results of operations.

Real or perceived defects, errors, or vulnerabilities in IronNet's platform and solutions, the failure of its platform to detect or prevent incidents, including advanced and newly developed attacks, misconfiguration of its solutions, actions or inactions by employees or contractors that create vulnerabilities in its platform or solutions, or the failure of customers to take action on attacks identified by its platform could harm IronNet's reputation and adversely affect the Combined Company's business, financial position, and results of operations. Because its cloud-enabled security platform is complex, it may contain defects or errors that are not detected until after deployment. We cannot assure you that IronNet's products will detect all cyberattacks, especially in light of the rapidly changing security threat landscape that its solution seeks to address. Due to a variety of both internal and external factors, including, without limitation, defects or misconfigurations of its solutions, its solutions could become vulnerable to security incidents (both from intentional attacks and accidental causes) that cause them to fail to secure networks and detect and block attacks. In addition, because the techniques used by computer hackers to access or sabotage networks change frequently and generally are not recognized until launched against a target, there is a risk that an advanced attack could emerge that IronNet's cloud-enabled security platform is unable to detect or prevent until after some of its customers are affected. For example, certain computer hackers may be supported or directly employed by so-called nation-states, which are generally defined as sovereign territories with individuals who share a common history and set of ideals. In the context of cybersecurity, certain aggressive nation-states with a history of disregarding generally acceptable computer network norms may employ particularly sophisticated and experienced actors who focus on being persistent, unpredictable, and innovative, with the ability to tap into significant nation-state budgets. This allows such nation-state attackers to develop expansive attack playbooks and access to cutting-edge technology to facilitate their attacks, including new, or so-called zero-day, attacks. Such nation-state attackers could successfully attack IronNet or an IronNet customer, which could significantly harm the Combined Company's reputation. Additionally, IronNet's platform may falsely indicate a cyberattack or threat that does not actually exist, which may lessen customers' trust in its solutions.

Moreover, as its cloud-enabled security platform is adopted by an increasing number of enterprises and governments, it is possible that the individuals and organizations behind advanced cyberattacks will begin to focus on finding ways to defeat its security platform. If this happens, IronNet's systems and subscription customers could be specifically targeted by attackers and could result in vulnerabilities in its platform or undermine the market acceptance of its platform and could adversely affect its reputation as a provider of security solutions. Because IronNet hosts customer data on its cloud and other platforms, which in some cases may contain personally identifiable information ("*PII*") or potentially confidential information, a security compromise, or an accidental or intentional misconfiguration or malfunction of its platform could result in PII and other customer data being accessible to attackers or to other customers. Further, if a high-profile security breach occurs with respect to another next-generation or cloud-enabled security system, IronNet's customers and potential customers may lose trust in such solutions generally, and cloud-enabled security solutions in particular.

Organizations are increasingly subject to a wide variety of attacks on their networks, systems, and endpoints. No security solution, including IronNet's platform, can address all possible security threats or block

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all methods of penetrating a network or otherwise perpetrating a security incident. There could be situations where IronNet's solutions detect attacks against a customer but the customer does not address the vulnerability, which could cause customers and the public to erroneously believe that IronNet's solutions were not effective. Real or perceived security breaches of its customers' networks could cause disruption or damage to their networks or other negative consequences and could result in negative publicity to the Combined Company, damage to its reputation, and other customer relations issues, and may adversely affect its revenue and results of operations.

As a cybersecurity provider, IronNet may be a target of cyberattacks. If its internal networks, systems or data are or are perceived to have been compromised, its reputation may be damaged and the Combined Company's financial results may be negatively affected.

As a provider of security solutions, IronNet's platform may be specifically targeted by bad actors for attacks intended to circumvent its security capabilities or to exploit its platform as an entry point into customers' endpoints, networks, or systems. In particular, because IronNet has been involved in the identification of organized cybercriminals and nation-state actors, it may be the subject of intense efforts by sophisticated cyber adversaries who seek to compromise its systems or leverage its access. IronNet is also susceptible to inadvertent compromises of its systems and data, including those arising from process, coding, or human errors. A successful attack or other incident that compromises IronNet or its customers' data or results in an interruption of service could have a significant negative effect on its operations, reputation, financial resources, and the value of its intellectual property. We cannot assure you that any of IronNet's or the Combined Company's efforts to manage this risk will be effective in protecting the Combined Company from such attacks.

It is virtually impossible to entirely eliminate the risk of such compromises, interruptions in service, or other security incidents affecting IronNet's internal systems or data. Organizations are subject to a wide variety of attacks on their networks, systems and endpoints, and techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. Furthermore, employee error or malicious activity could compromise its systems. As a result, IronNet may be unable to anticipate these techniques or implement adequate measures to prevent an intrusion into its networks, which could result in unauthorized access to customer data, intellectual property including access to its source code, and information about vulnerabilities in its product, which in turn could reduce the effectiveness of its solutions, or lead to cyberattacks or other intrusions of its customers' networks. If any of these events were to occur, they could damage the Combined Company's relationships with its customers and could have a negative effect on its ability to attract and retain new customers. IronNet has expended, and we anticipate the Combined Company will continue to expend significant amounts and resources in an effort to prevent security breaches and other security incidents impacting IronNet's systems and data. Since IronNet's business is focused on providing reliable security services to its customers, an actual or perceived security incident affecting IronNet's internal systems or data or data of its customers would be especially detrimental to its reputation and customer confidence in its solutions.

In addition, while IronNet maintains, and the Combined Company will continue to maintain, insurance policies that may cover certain liabilities in connection with a cybersecurity incident, we cannot be certain that the insurance coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to the Combined Company on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims that exceed available insurance coverage, or the occurrence of changes in insurance policies, including premium increases or the imposition of large deductible or coinsurance requirements, could have a material adverse effect on the Combined Company's business, including its financial condition, results of operations and reputation.

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If IronNet does not effectively expand and train its direct sales force, it may be unable to add new customers or increase sales to existing customers, and its business will be adversely affected.

IronNet depends on its direct sales force to obtain new customers and increase sales with existing customers. Its ability to achieve significant revenue growth will depend, in large part, on its success in recruiting, training and retaining sufficient numbers of sales personnel, particularly in international markets. IronNet has expanded its sales organization significantly in recent periods and expect to continue to add additional sales capabilities in the near term. There is significant competition for sales personnel with the skills and technical knowledge that IronNet requires. New hires require significant training and may take significant time before they achieve full productivity, and this delay is accentuated by IronNet's long sales cycles. IronNet's recent hires and planned hires may not become productive as quickly as it expects, and the Combined Company may be unable to hire or retain sufficient numbers of qualified individuals in the markets where IronNet does business or plans to do business. In addition, a large percentage of IronNet's salesforce is new to its business and selling its solutions, and therefore this team may be less effective than its more seasoned sales personnel. Furthermore, hiring sales personnel in new countries, or expanding its existing presence, requires upfront and ongoing expenditures that IronNet may not recover if the sales personnel fail to achieve full productivity. We cannot predict whether, or to what extent, the Combined Company's sales will increase as it expands its sales force or how long it will take for sales personnel to become productive. If the Combined Company is unable to hire and train a sufficient number of effective sales personnel, or the sales personnel it hires are not successful in obtaining new customers or increasing sales to IronNet's existing customer base, the Combined Company's business and results of operations will be adversely affected.

Because IronNet recognizes revenue from subscriptions to its platform and other forms of providing customers with access to its software over the term of the subscription or contract, downturns or upturns in new business will not be immediately reflected in the Combined Company's results of operations.

IronNet generally recognizes revenue from customers ratably over the terms of their subscription or contract term, which average over three years in length, though may be as short as one year or less. As a result, a substantial portion of the revenue that IronNet reports in each period is attributable to the recognition of deferred revenue relating to agreements that it entered into during previous periods. Consequently, any increase or decline in new sales or renewals in any one period will not be immediately reflected in its revenue for that period. Any such change, however, would affect its revenue in future periods. Accordingly, the effect of downturns or upturns in new sales and potential changes in IronNet's rate of renewals may not be fully reflected in the Combined Company's results of operations until future periods.

A limited number of customers represent a substantial portion of IronNet's revenue. If the Combined Company fails to retain these customers, its revenue could decline significantly.

IronNet derives a substantial portion of its revenue from a limited number of customers. For fiscal 2021 and fiscal 2020, six customers accounted for 46% and four customers accounted for 48% of IronNet's revenues, respectively. As of April 30, 2021 and 2020, two and four customers represented 94% and 84%, respectively, of IronNet's total accounts receivable balance. Significant customers are those which represent at least 10% of IronNet's total revenue at each respective period ending date. The following table presents customers that represent 10% or more of IronNet's total annual revenue:

	Year Ended January 31,	
	2021	2020
Customer A	10%	*
Customer B	*	14%
Customer C	*	10%
Customer D	*	10%
Customer E	*	14%

* Less than 10%

For the quarter ended April 30, 2021, three significant customers accounted for 32% of IronNet's revenues.

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As a result, the Combined Company's revenue could fluctuate materially and could be materially and disproportionately impacted by purchasing decisions of these customers or any other significant future customer. Any of the Combined Company's significant customers may decide to purchase less than they have in the past, may alter their purchasing patterns at any time with limited notice, or may decide not to continue to license IronNet's products at all, any of which could cause the Combined Company's revenue to decline and adversely affect its financial condition and results of operations. If the Combined Company does not further diversify IronNet's customer base, it will continue to be susceptible to risks associated with customer concentration.

IronNet's results of operations may fluctuate significantly, which could make its future results difficult to predict and could cause its results of operations to fall below expectations.

IronNet's results of operations have varied significantly from period to period, and we expect that the Combined Company's results of operations will continue to vary as a result of a number of factors, many of which are outside of IronNet's control and may be difficult to predict, including:

- the impact of the COVID-19 pandemic on its operations, financial results, and liquidity and capital resources, including on customers, sales, expenses, and employees;
- its ability to attract new and retain existing customers;
- the budgeting cycles, seasonal buying patterns, and purchasing practices of customers;
- the timing and length of its sales cycles;
- changes in customer or distribution partner requirements or market needs;
- changes in the growth rate of its market;
- the timing and success of new product and service introductions by it or its competitors or any other competitive developments, including consolidation among its customers or competitors;
- the level of awareness of cybersecurity threats, particularly advanced cyberattacks, and the market adoption of its platform;
- its ability to successfully expand its business domestically and internationally;
- decisions by organizations to purchase security solutions from larger, more established security vendors or from their primary IT equipment vendors;
- changes in its pricing policies or those of its competitors;
- any disruption in its relationship with distribution partners;
- insolvency or credit difficulties confronting its customers, affecting their ability to purchase or pay for its solutions;
- significant security breaches of, technical difficulties with or interruptions to, the use of its platform;
- extraordinary expenses such as litigation or other dispute-related settlement payments or outcomes;
- general economic conditions, both in domestic and foreign markets;
- future accounting pronouncements or changes in its accounting policies or practices;
- negative media coverage or publicity;
- political events;
- the amount and timing of operating costs and capital expenditures related to the expansion of its business; and
- increases or decreases in expenses caused by fluctuations in foreign currency exchange rates.

In addition, IronNet experiences seasonal fluctuations in its financial results as it can receive a higher percentage of its annual orders from new customers, as well as renewal orders from existing customers, in the

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fourth fiscal quarter as compared to other quarters due to the annual budget approval process of many of its customers. Any of the above factors, individually or in the aggregate, may result in significant fluctuations in the Combined Company's financial and other results from period to period. As a result of this variability, IronNet's historical results of operations should not be relied upon as an indication of future performance. Moreover, this variability and unpredictability could result in the Combined Company's failure to meet its operating plan or the expectations of investors or analysts for any period. If it fails to meet such expectations for these or other reasons, the Combined Company' stock price could fall substantially, and it could face costly lawsuits, including securities class action suits.

IronNet's sales cycles can be long and unpredictable, and its sales efforts require considerable time and expense.

IronNet's revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for its platform, particularly with respect to large organizations and government entities. Customers often view the subscription to its platform as a significant strategic decision and, as a result, frequently require considerable time to evaluate, test, and qualify its platform and solutions prior to entering into or expanding a relationship with it. Large enterprises and government entities in particular often undertake a significant evaluation process that further lengthens its sales cycle.

IronNet's direct sales team develops relationships with its customers, and works with its distribution partners on account penetration, account coordination, sales and overall market development. IronNet spends substantial time and resources on its sales efforts without any assurance that its efforts will produce a sale. Security solution purchases are frequently subject to budget constraints, multiple approvals, and unanticipated administrative, processing, and other delays. As a result, it is difficult to predict whether and when a sale will be completed. The failure of IronNet's efforts to secure sales after investing resources in a lengthy sales process could adversely affect its business and results of operations.

IronNet relies heavily on the services of its senior management team, and if the Combined Company is not successful in attracting or retaining senior management personnel, it may not be able to successfully implement IronNet's business strategy.

The Combined Company's future success will be substantially dependent on its ability to attract, retain, and motivate the members of its management team. In particular, the Combined Company will be highly dependent on the services of Gen. Keith B. Alexander (Ret.) and William Welch, the co-chief executive officers of the Combined Company, who will be critical to its future vision and strategic direction. It will also rely on its leadership team in the areas of operations, security, analytics, engineering, product management, research and development, marketing, sales, partnerships, mergers and acquisitions, support, and general and administrative functions. Gen. Keith B. Alexander (Ret.) is important to IronNet's future growth as he provides access to key decisionmakers within government agencies and the private sector, and his leadership role at the Combined Company would be difficult to replace. Although we expect that the Combined Company will enter into employment agreements with its key personnel following the consummation of the Business Combination, its employees, including its executive officers, will be employed on an "at-will" basis, which means they may terminate their employment with the Combined Company at any time. If one or more of the Combined Company's key employees resigns or otherwise ceases to provide it with their service, its business could be harmed.

If the Combined Company is unable to attract and retain qualified personnel, its business could be harmed.

There is significant competition for personnel with the skills and technical knowledge that the Combined Company will require across its technology, cyber, sales, professional services and administrative support functions. Competition for these personnel in the Washington, D.C. metro area, where the corporate headquarters of the Combined Company will be located, and in other locations where it maintains offices or otherwise

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operates, is competitive, especially for experienced sales professionals, engineers and data scientists experienced in designing and developing cybersecurity software. Although IronNet's current remote work environment facilitates its ability to attract talent across a wider geographic base, IronNet has from time to time experienced, and we expect the Combined Company to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which IronNet competes for experienced personnel have greater resources than it has. Its competitors also may be successful in recruiting and hiring members of its management team or other key employees, and it may be difficult for the Combined Company to find suitable replacements on a timely basis, on competitive terms, or at all. The Combined Company may also be subject to allegations that employees it hires have been improperly solicited, or that they have divulged proprietary or other confidential information or that their former employers own such employees' inventions or other work product, or that they have been hired in violation of non-compete provisions or non-solicitation provisions.

In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Volatility or lack of performance in the Combined Company's stock price may also affect its ability to attract and retain key employees. Following the Business Combination, some of IronNet's employees will become vested in a substantial amount of equity awards, which may give them a material amount of personal wealth. This may make it more difficult for the Combined Company to retain and motivate these employees, and this wealth could affect their decision about whether or not they continue to work for the Combined Company. Any failure to successfully attract, integrate or retain qualified personnel to fulfill its current or future needs could adversely affect its business, results of operations and financial condition.

If the Combined Company is not able to maintain and enhance the IronNet brand and its reputation as a provider of high-efficacy cybersecurity solutions, its business and results of operations may be adversely affected.

We believe that maintaining and enhancing IronNet's brand and its reputation as a provider of high-efficacy cybersecurity solutions is critical to its relationship with its existing customers and distribution partners and its ability to attract new customers and partners. The successful promotion of the IronNet brand will depend on a number of factors, including the Combined Company's investment in marketing efforts, its ability to continue to develop additional features for the IronNet platform, its ability to successfully differentiate its platform from competitive cloud-enabled or legacy security solutions and, ultimately, its ability to detect and remediate cyberattacks. Although we believe it is important for the Combined Company's growth, these brand promotion activities may not be successful or yield increased revenue.

In addition, independent industry or financial analysts and research firms often test IronNet's solutions and provide reviews of its platform, along with the products of its competitors, and perception of its platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of its competitors' products, the IronNet brand may be adversely affected. Its solutions may fail to detect or prevent threats in any particular test for a number of reasons that may or may not be related to the efficacy of its solutions in real world environments. To the extent potential customers, industry analysts, or testing firms believe that the occurrence of a failure to detect or prevent any particular threat is a flaw or indicates that its solutions or services do not provide significant value, the Combined Company may lose customers, and its reputation, financial condition, and business would be harmed. Additionally, the performance of its distribution partners may affect its brand and reputation if customers do not have a positive experience with these partners. In addition, IronNet has in the past worked, and the Combined Company will continue to work, with high profile customers as well as assist in analyzing and remediating high profile cyberattacks. This work with such customers and cyberattacks may expose the Combined Company to negative publicity and media coverage. Negative publicity, including about the efficacy and reliability of IronNet's platform, its products offerings, its professional services and the customers it works with, even if inaccurate, could adversely affect the Combined Company's reputation and brand.

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If the Combined Company is unable to maintain successful relationships with IronNet's distribution partners, or if its distribution partners fail to perform, the Combined Company's ability to market, sell and distribute IronNet's platform and solutions efficiently will be limited, and its business, financial position and results of operations will be harmed.

In addition to its direct sales force, IronNet relies on certain key distribution partners to sell and support its platform. An increasing amount of IronNet's sales flow through its distribution partners, and IronNet expects its reliance on such partners to continue to grow for the foreseeable future. Additionally, IronNet has entered into, and the Combined Company intends to continue to enter into, partnerships with third parties to support its future growth plans. The loss of a substantial number of distribution partners, or the failure to recruit additional partners, could adversely affect the Combined Company's results of operations. The Combined Company's ability to achieve revenue growth in the future will depend in part on its success in maintaining successful relationships with IronNet's distribution partners and in training them to independently sell and deploy IronNet's platform. If the Combined Company fails to effectively manage IronNet's existing sales channels, or if IronNet's distribution partners are unsuccessful in fulfilling the orders for its solutions, or if the Combined Company is unable to recruit and retain a sufficient number of high quality distribution partners who are motivated to sell IronNet's products, the Combined Company's ability to sell its products and results of operations will be harmed.

IronNet's business depends, in part, on sales to government organizations, and significant changes in the contracting or fiscal policies of such government organizations could have an adverse effect on the Combined Company's business and results of operations.

IronNet's future growth depends, in part, on increasing sales to government organizations. Demand from government organizations is often unpredictable, subject to budgetary uncertainty and typically involves long sales cycles. IronNet has made significant investments to address the government sector, but we cannot assure you that these investments will be successful, or that the Combined Company will be able to maintain or grow its revenue from the government sector. Although we anticipate that they may increase in the future, sales to U.S. federal, state and local governmental agencies have not accounted for, and may never account for, a significant portion of the Combined Company's revenue. U.S. federal, state and local government sales are subject to a number of challenges and risks that may adversely impact the Combined Company's business. Sales to such government entities include the following risks:

- selling to governmental agencies can be highly competitive, expensive and time-consuming, often requiring significant upfront time and expense without any assurance that such efforts will generate a sale;
- government certification requirements applicable to IronNet's products may change and, in doing so, restrict the Combined Company's ability to sell into the U.S. federal government sector until it has attained the required certifications.
- government demand and payment for IronNet's platform may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for its platform;
- governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying IronNet's platform, which would adversely impact the Combined Company's revenue and results of operations, or institute fines or civil or criminal liability if the audit were to uncover improper or illegal activities;
- interactions with the U.S. federal government may be limited by post-employment ethics restrictions on members of IronNet's management;
- foreign governments may have concerns with purchasing security products from a company that employs former NSA employees and officials, which may negatively impact sales; and
- governments may require certain products to be manufactured, hosted, or accessed solely in their country or in other relatively high-cost manufacturing locations, and the Combined Company may not

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manufacture all products in locations that meet these requirements, affecting its ability to sell these products to governmental agencies.

IronNet has achieved Federal Risk and Authorization Management Program ("*FedRAMP*") "FedRAMP-ready" status, but such status is only available for a certain period of time before which it must be utilized. If not utilized, IronNet would likely have to go through certain parts of the FedRAMP process again in order to sell its products to government agencies. Moreover, even if IronNet were to achieve FedRAMP-certified status, such certification is costly to maintain, and if the Combined Company were to lose such a certification in the future it would restrict its ability to sell to government customers. It is also possible that additional guidelines and/or certifications, such as the Cybersecurity Maturity Model Certification ("*CMMC*"), will be required to expand participation in the government sectors.

The occurrence of any of the foregoing could cause governments and governmental agencies to delay or refrain from purchasing IronNet's solutions in the future or otherwise have an adverse effect on the Combined Company's business and results of operations.

The Combined Company may not scale and adapt IronNet's existing technology in a timely and cost-effective manner to meet its customers' performance and other requirements.

The Combined Company's future growth will be dependent upon its ability to continue to meet the needs of new customers and the expanding needs of IronNet's existing customers as their use of its solutions grows. As IronNet's customers gain more experience with its solutions, the number of events, the amount of data transferred, processed, and stored by it, the number of locations where its platform and services are being accessed, have in the past, and may in the future, expand rapidly. In order to meet the performance and other requirements of IronNet's customers, the Combined Company intends to continue to make significant investments to increase capacity and to develop and implement new technologies in its service and cloud infrastructure operations. These technologies, which include databases, applications, and server optimizations, network and hosting strategies, and automation, are often advanced, complex, new, and untested. The Combined Company may not be successful in developing or implementing these technologies. In addition, it takes a significant amount of time to plan, develop, and test improvements to IronNet's technologies and infrastructure, and the Combined Company may not be able to accurately forecast demand or predict the results it will realize from such improvements. To the extent that the Combined Company does not effectively scale IronNet's operations to meet the needs of its growing customer base and to maintain performance as its customers expand their use of its solutions, the Combined Company may not be able to grow as quickly as anticipated, customers may reduce or cancel use of IronNet's solutions and the Combined Company may be unable to compete as effectively and its business and results of operations may be harmed.

Additionally, IronNet has made, and the Combined Company will continue to make, substantial investments to support growth at its data centers partners and improve the profitability of its cloud platform. If the Combined Company's cloud-based server costs were to increase or pricing pressure causes price movements out of proportion with changes in unit operating costs, its business, results of operations and financial condition may be adversely affected. Although we expect that the Combined Company could receive similar services from other third parties, if any of IronNet's arrangements with third-party providers are terminated, IronNet could experience interruptions on its platform and in its ability to make its solutions available to customers, as well as delays and additional expenses in arranging alternative cloud infrastructure services. Ongoing improvements to cloud infrastructure may be more expensive than anticipated and may not yield the expected savings in operating costs or the expected performance benefits. In addition, the Combined Company may be required to re-invest any cost savings achieved from IronNet's prior cloud infrastructure improvements in future infrastructure projects to maintain the levels of service required by its customers. The Combined Company may not be able to maintain or achieve cost savings from its investments, which could harm its financial results.

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The market opportunity estimates and growth forecasts included in this proxy statement/prospectus could prove to be inaccurate, and any real or perceived inaccuracies may harm the Combined Company's reputation and negatively affect its business.

This proxy statement/prospectus includes IronNet's estimates of the addressable market for its cloud-based SaaS-delivered cybersecurity solution. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts in this proxy statement/prospectus relating to the size and expected growth of IronNet's target markets may prove to be inaccurate. In particular, the estimates regarding IronNet's current and projected market opportunity are difficult to predict. In addition, its estimates of the addressable market for cloud-based SaaS-delivered cybersecurity solutions reflect the opportunity available from all participants and potential participants in the market, and IronNet cannot predict with precision its ability to address this demand or the extent of market adoption of its solutions. The addressable market IronNet estimates may not materialize for many years, if ever, and even if the markets in which it competes meet the size estimates and growth forecasted in this proxy statement/prospectus, the Combined Company's business could fail to grow at similar rates, if at all. Accordingly, the forecasts of market growth included in this proxy statement/prospectus should not be taken as indicative of its future growth.

The success of the Combined Company's business will depend in part on its ability to protect and enforce its intellectual property rights.

We believe that IronNet's intellectual property will be an essential asset of the Combined Company's business, and its success and ability to compete will depend in part upon protection of intellectual property rights. IronNet has relied, and the Combined Company will continue to rely, on a combination of patent, copyright, trademark, and trade secret laws, as well as confidentiality procedures and contractual provisions, to establish and protect its intellectual property rights in the United States and abroad, all of which provide only limited protection. The efforts IronNet has taken to protect its intellectual property may not be sufficient or effective, and its trademarks, copyrights and patents may be held invalid or unenforceable. Moreover, we cannot assure you that any patents will be issued with respect to IronNet's currently pending patent applications, including in a manner that will give the Combined Company adequate defensive protection or competitive advantages, or that any patents issued to IronNet will not be challenged, invalidated or circumvented. IronNet has filed for patents in the United States and in certain non-U.S. jurisdictions, but such protections may not be available in all countries in which the Combined Company will operate or in which it will seek to enforce intellectual property rights, or the intellectual property rights may be difficult to enforce in practice. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties under certain circumstances. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Moreover, the Combined Company may need to expend additional resources to defend its intellectual property rights in these countries, and its inability to do so could impair its business or adversely affect its plans for international expansion. IronNet's currently issued patents and any patents that may be issued in the future with respect to pending or future patent applications may not provide sufficiently broad protection or they may not prove to be enforceable in actions against alleged infringers.

The Combined Company may not be effective in policing unauthorized use of its intellectual property, and even if it does detect violations, litigation may be necessary to enforce its intellectual property rights. Protecting against the unauthorized use of intellectual property rights, technology and other proprietary rights is expensive and difficult, particularly outside of the United States. Any enforcement efforts undertaken, including litigation, could be time-consuming and expensive and could divert management's attention, which could harm the Combined Company's business and results of operations. Further, attempts to enforce rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against the Combined Company, or challenge the intellectual property rights of the Combined Company which could result in a holding that invalidates or narrows the scope of the Combined Company's intellectual property rights, in

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IronNet's management has identified material weaknesses in its internal control over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, which may result in material misstatements of the Combined Company's financial statements or cause it to fail to meet its periodic reporting obligations.

As a public company, LGL is required to maintain internal control over financial reporting and to report any material weaknesses in such internal control over financial reporting. IronNet is currently a private company with limited accounting and financial reporting personnel and other resources with which to address its internal control over financial reporting. In connection with the preparation and audit of IronNet's consolidated financial statements for the year ended January 31, 2021, IronNet and its independent registered public accounting firm identified material weaknesses in its internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. IronNet did not have a sufficient number of personnel with an appropriate degree of accounting and internal controls knowledge, experience, and training to appropriately analyze, record and disclose accounting matters commensurate with IronNet's accounting and reporting requirements, which resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of its financial reporting objectives. This material weakness contributed to the following additional material weaknesses: IronNet did not design and maintain effective controls over the review of journal entries and account reconciliations. Specifically, certain personnel have the ability to both (i) create and post journal entries within IronNet's general ledger system, and (ii) prepare and review account reconciliations. IronNet did not design and maintain effective controls over information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements. Specifically, IronNet did not design and maintain: (i) program change management controls for the financial systems to ensure that information technology program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately; (ii) appropriate user access controls to ensure appropriate segregation of duties and that adequately restrict user and privileged access to financial applications, programs and data to appropriate IronNet personnel; (iii) computer operations controls to ensure data backups are authorized and restorations monitored; and (iv) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

These material weaknesses did not result in a material misstatement to the consolidated financial statements. However, these material weaknesses could result in a misstatement of substantially all accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

With the oversight of senior management, IronNet has instituted plans to remediate these material weaknesses and will continue to take remediation steps, including hiring additional key supporting accounting personnel with public company reporting and accounting operations experience, implementing the required segregation of roles and duties both in manual and systems related processes including for journal entries and account reconciliations, and formalizing the documentation and performance of information technology general controls for information systems utilized for financial reporting.

While IronNet implements its plan to remediate the material weaknesses described above, it cannot predict the success of such plans or the outcome of its assessment of these plans at this time. If its steps are insufficient to remediate the material weaknesses successfully and otherwise establish and maintain effective internal control over financial reporting, the reliability of the Combined Company's financial reporting, investor confidence, and the value of its common stock could be materially and adversely affected. The Combined Company can give no assurance that the implementation of this plan will remediate these deficiencies in IronNet's internal control over financial reporting or that additional material weaknesses or significant deficiencies in its internal control over financial reporting will not be identified in the future. The failure to implement and maintain effective internal control over financial reporting could result in errors in its financial statements that could result in a restatement of its financial statements, causing it to fail to meet its reporting obligations.

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that are not emerging growth companies. If some investors find the Combined Company Common Stock less attractive as a result, there may be a less active trading market for the Combined Company Common Stock, and the market price of the Combined Company Common Stock may be more volatile.

IronNet's management has limited experience in operating a public company.

IronNet's executive officers have limited experience in the management of a publicly traded company. IronNet's management team may not successfully or effectively manage its transition to a public company that will be subject to significant regulatory oversight and reporting obligations under federal securities laws. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities, which will result in less time being devoted to the management and growth of the Combined Company. IronNet may not have adequate personnel with the appropriate level of knowledge, experience, and training in the accounting policies, practices or internal control over financial reporting required of public companies in the United States. The development and implementation of the standards and controls necessary for the Combined Company to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that the Combined Company will be required to expand its employee base and hire additional employees to support its operations as a public company, which will increase its operating costs in future periods.

If securities or industry analysts do not publish research or reports about the Combined Company's business or publish negative reports, the market price of its common stock could decline.

The trading market for the Combined Company Common Stock will be influenced by the research and reports that industry or securities analysts publish about the Combined Company or its business. If regular publication of research reports ceases, the Combined Company could lose visibility in the financial markets, which in turn could cause the market price or trading volume of the Combined Company Common Stock to decline. Moreover, if one or more of the analysts who cover the Combined Company downgrade its common stock or if reporting results do not meet their expectations, the market price of the common stock could decline.

A significant portion of Combined Company Common Stock following the Business Combination will be restricted from immediate resale, but may be sold into the market in the future. Future sales could cause the market price of Combined Company Common Stock to drop significantly, even if the Combined Company's business is doing well.

After the Business Combination, it is anticipated that there will be outstanding (i) approximately 100,000,000 shares of Combined Company Common Stock (assuming that no shares of LGL common stock redeemed by LGL stockholders), (ii) warrants to purchase approximately 13,825,000 shares of Combined Company Common Stock and (iii) assumed IronNet options and restricted stock units covering approximately 19,000,000 shares of Combined Company Common Stock.

Pursuant to lock-up agreements (the "*IronNet Lock-Up Agreement*") entered into by and among LGL and certain stockholders and employees of IronNet signatories thereto, including IronNet's executive officers, directors and 5% stockholders (the "*IronNet Lock-Up Parties*") , who will hold in the aggregate approximately 66 million shares of LGL common stock upon consummation of the Business Combination, the IronNet Lock-Up Parties have agreed that, with respect to LGL common stock, through the date that is 180 days after the closing of the Business Combination, and, with respect to LGL warrants and any LGL common stock issuable upon the exercise of LGL warrants, through the date that is 30 days after the closing of the Business Combination, subject to certain exceptions, to not, without the prior written consent of the LGL board of directors, among other things, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly any shares of LGL common stock, LGL warrants LGL common

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stock issuable upon the exercise of LGL warrants, as applicable, held by the IronNet Lock-Up Parties; *provided, however*, certain founders and employees of IronNet, including an executive officer, have been granted relief from the lock-up to sell up to an aggregate of approximately 1.5 million shares of LGL common stock, and these shares will be eligible for sale immediately after consummation of the Business Combination, subject to compliance with applicable securities laws. In addition, pursuant to the Sponsor Agreement, as amended by Sponsor Agreement Amendment (and similar agreements entered into by all of LGL's executive officers and directors), the Sponsor and LGL's executive officers and directors have agreed, subject to certain exceptions, to not transfer, assign or sell the 3,234,375 shares of Combined Company Common Stock to be received upon conversion of the Sponsor's remaining Founder Shares (after the forfeiture of 1,078,125 Founder Shares pursuant to the Sponsor Support Agreement) (the "*Remaining Founder Shares*") until six months after the closing of the Business Combination and to not transfer, assign or sell the Private Warrants or any LGL common stock issuable upon exercise of the Private Warrants until 30 days after the closing of the Business Combination.

However, following the expiration of such lock-up periods, these lock-up parties will not be restricted from selling Combined Company securities held by them, other than by applicable securities laws. Additionally, the Subscription Investors will not be restricted from selling any of their shares of Combined Company Common Stock after the closing of the Business Combination, other than by applicable securities laws.

In connection with the Business Combination, LGL's existing registration rights agreement will be amended and restated to: (i) provide that the Combined Company will file a shelf registration statement 30 days following the closing of the Business Combination to register for resale under the Securities Act of (A) all LGL securities held by the Sponsor at the time the Registration Rights Agreement is entered into, including the 3,234,375 shares of Combined Company Common Stock to be received upon conversion of the Remaining Founder Shares, the 566,000 shares of LGL common stock issued to the Sponsor in the Private Placement, the Private Warrants and shares of LGL common stock issuable upon exercise of the Private Warrants held by the Sponsor, and (B) certain of the shares of the Combined Company Common Stock to be issued to IronNet stockholders in the Business Combination, including IronNet's executive officers, directors and greater than 5% stockholders and (ii) afford each such party "piggyback" registration rights with respect to any underwritten offerings by the other stockholders and by the Combined Company. In addition, pursuant to the Subscription Agreements, LGL has agreed to file a shelf registration statement within 30 days following the closing of the Business Combination to register the resale under the Securities Act of the shares of LGL common stock purchased by the Subscription Investors.

Sales of a substantial number of shares of Combined Company Common Stock in the public market could occur at any time, particularly after expiration of the above-mentioned lock-up periods and the registration of the resale of the Combined Company securities discussed above. These sales, or the perception in the market that the members of management of the Combined Company or holders of a large number of shares intend to sell shares, could reduce the market price of Combined Company Common Stock and the LGL warrants.

The Combined Company has no current plans to pay cash dividends on its common stock. As a result, stockholders may not receive any return on investment unless they sell their common stock for a price greater than the purchase price.

The Combined Company has no current plans to pay dividends on its common stock. Any future determination to pay dividends will be made at the discretion of the Combined Company Board, subject to applicable laws. It will depend on a number of factors, including the Combined Company's financial condition, results of operations, capital requirements, contractual, legal, tax and regulatory restrictions, general business conditions, and other factors that the Combined Company Board may deem relevant. In addition, the ability to pay cash dividends may be restricted by the terms of debt financing arrangements, as any future debt financing arrangement likely will contain terms restricting or limiting the amount of dividends that may be declared or paid on the common stock. As a result, stockholders may not receive any return on an investment in the Combined Company Common Stock unless they sell their shares for a price greater than that which they paid for them.

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Business Combination. Accordingly, LGL's board of directors unanimously determined that the Merger Agreement and the Business Combination contemplated therein were advisable, fair to and in the best interests of LGL and its stockholders.

Certain Forecasted Financial Information for IronNet

IronNet provided LGL with its internally prepared forecasts described below. These forecasts were prepared solely for internal use and capital budgeting and other management purposes, are subjective in many respects and therefore susceptible to varying interpretations and the need for periodic revision based on actual experience and business developments, and were not intended for third-party use, including by investors or holders. You are cautioned not to rely on the forecasts in making a decision regarding the Business Combination, as the forecasts may be materially different than actual results.

The forecasts are based on information as of the date they were made and reflect numerous assumptions, including assumptions with respect to general business, economic, market, regulatory and financial conditions and various other factors, all of which are difficult to predict and many of which are beyond IronNet's control, such as the risks and uncertainties described in the section entitled "*Risk Factors*" appearing elsewhere in this proxy statement/prospectus.

Although the assumptions and estimates on which the forecasts for revenue and costs are based are believed by IronNet's management to be reasonable and based on the best then-currently available information, the financial forecasts are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond IronNet's control. While all forecasts are necessarily speculative, IronNet believes that the prospective financial information covering periods beyond twelve months from its date of preparation carries increasingly higher levels of uncertainty and should be read in that context. There will be differences between actual and forecasted results, and actual results may be materially greater or materially less than those contained in the forecasts. The inclusion of the forecasted financial information in this proxy statement/prospectus should not be regarded as an indication that IronNet or its representatives considered or consider the forecasts to be a reliable prediction of future events, and reliance should not be placed on the forecasts.

The forecasts were provided for use as a component in its overall evaluation of IronNet, and are included in this proxy statement/prospectus on that account. IronNet has not warranted the accuracy, reliability, appropriateness or completeness of the forecasts to anyone, including to LGL, other than representing to LGL in the Merger Agreement that the estimates of IronNet revenues and IronNet operating income/(loss) for fiscal year ended January 31, 2021 set forth in the final materials provided to investors in the Private Placement and filed with the SEC on Form 8-K in connection with the announcement of the proposed Business Combination were prepared in good faith and based on reasonable assumptions. Neither IronNet's management nor any of its representatives has made or makes any representation to any person regarding the ultimate performance of IronNet compared to the information contained in the forecasts, and none of them intends to or undertakes any obligation to update or otherwise revise the forecasts to reflect circumstances existing after the date when made or to reflect the occurrence of future events in the event that any or all of the assumptions underlying the forecasts are shown to be in error. Accordingly, they should not be looked upon as "guidance" of any sort. IronNet will not refer back to these forecasts in its future periodic reports filed under the Exchange Act.

IronNet does not as a matter of course make public projections as to future sales, earnings or other results. However, IronNet's management has prepared the prospective financial information set forth below to present the key elements of the forecasts provided to LGL. The prospective financial information included in this document has been prepared by, and is the responsibility of, IronNet's management. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled nor applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report

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included in this document relates to IronNet's previously issued financial statements. It does not extend to the prospective financial information and should not be read to do so. Also, the accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of IronNet's management, was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of IronNet. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information.

The following table sets forth certain summarized prospective financial information regarding IronNet for its fiscal years ending January 31, 2021 through 2025:

	Forecast Year Ending January 31,				
(in millions)	**2021**	**2022**	**2023**	**2024**	**2025**
Revenue	$ 28.9	$ 54.2	$110.8	$ 184.5	$287.5
Gross profit	21.2	39.9	82.8	141.8	244.9
EBITDA	(57.5)	(47.9)	(91.2)	(102.7)	(98.5)

The key elements of the forecasts provided to LGL are summarized below:

- strong forecasted revenue growth, based on the fact that IronNet's annual recurring revenue for its software products had historically grown at an increasing rate and an expected increase in IronNet's investments in sales and marketing staffing and third-party expenditures;
- gross margin improvement from improving compete costs and other efficiencies expected from upcoming release of IronNet's software packages;
- investment in accelerated software development consistent with other high growth security companies as measures on a percent of revenue basis; and
- the reservation of capital for value added acquisitions, none of the direct or synergistic sales and operational benefits of which have been included in the forecasts.

The forecasted revenue growth from fiscal 2021 to fiscal 2022 was primarily based on IronNet having put into place two primary elements. As of January 31, 2021, IronNet's ARR was $25.8 million and services revenue for fiscal 2022 was estimated to be $5.4 million, resulting in forecast revenues of $31.2 million for these components. The estimate of service revenue was determined by analyzing the percentage of total revenue in the three prior years that was represented by service revenue, and then reducing that percentage by approximately one-third and multiplying the reduced percentage by total forecast revenue in order to arrive at what was considered to be a conservative estimate of service revenue. The remaining $23 million in forecast revenue for fiscal 2022 was based on the substantially increased sales force that IronNet had put into place by the fourth quarter of fiscal 2021, combined with ongoing hiring and enablement plans on which IronNet had been executing and expected to continue through fiscal 2022. That increase was up from a small group of lightly supported or newly hired individuals at the beginning of fiscal 2021 to where, by the end of fiscal 2021, IronNet had a fully ramped and supported sales team sufficient to support projected new sales acquisition goals.

The forecasted revenue growth from fiscal 2022 to fiscal 2025 was also based on two primary factors and supported by ongoing investments in marketing and awareness building, as well as continued hiring into its sales force teams across all three global geographics in which IronNet had been operating. The first of the two primary growth factors for fiscal 2023 through fiscal 2025 was the continuous growth in IronNet's ARR for its software products. The second was the continued investment in research and development through fiscal 2025, consistent with the investments made by other comparable high growth security companies pursuing a similar total addressable market.

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community to identify broad attack patterns and provides anonymized intelligence back to all community members in real time, giving all members early insight into potential incoming attacks. Automated sharing across the Collective Defense community enables faster detection of attacks at earlier stages.

IronNet's Collective Defense platform is designed to deliver strong network effects. Every customer contributing its threat data (anonymously) into the community is able to reap benefits from the shared intelligence of the other organizations. The collaborative aspect of Collective Defense, and the resulting prioritization of alerts based on their potential severity, helps address the known problem of "alert fatigue" that plagues overwhelmed security analysts.

The Collective Defense platform is available for on-premise, cloud (public or private), and hybrid environments, and is scalable to include small-to-medium businesses and public-sector agencies as well as multinational corporations. IronNet provides professional cybersecurity services such as incident response and threat hunting, as well as programs to help customers assess cybersecurity governance, maturity, and readiness. IronNet's CS services are designed to create shared long-term success measures with its customers, differentiating it from other cybersecurity vendors by working alongside customers as partners and offering consultative and service capabilities beyond implementation.

The Collective Defense platform is available via a subscription-based pricing and flexible delivery model, with options available for major public cloud providers such as Amazon Web Services and Microsoft Azure; private cloud, or Hyper Converged Infrastructure ("*HCI*") such as Nutanix; and on-premise environments through hardware and virtual options. To make it as easy as possible for customers to add Collective Defense into their existing security stack, IronNet built a rich set of Application Programming Interfaces ("*APIs*") that enable integrations with standard security products, including security information and event management ("*SIEM*"); security orchestration, automation, and response ("*SOAR*"); endpoint detection and response ("*EDR*"); next-generation firewall ("*NGFW*") tools; and cloud-native logs from the major public cloud providers.

IronNet describes its go-to-market strategy as "land and expand with network effects." Its approach is to initially secure influential "cornerstone" customers and then expand into their respective Collective Defense communities with additional "community members" from organizations of similar industry sector, state, country, supply chain, or tailored business ecosystem. As each Collective Defense community grows, so does the volume of shared data, and the value of IronNet's platform for each of those members thereby expands both technically and commercially.

IronNet sells into both public and private organizations and the business ecosystems that support them. IronNet has identified tens of thousands of prospective cornerstone customers and more than 100,000 potential community customers.

Some of the world's largest enterprises, government organizations, high-profile brands, and governments trust IronNet to protect their networks. IronNet's customers include a top global hedge fund, eight of the top 10 U.S. energy companies (based on revenue), a leading Asian mobile phone carrier, two U.S. Department of Defense ("*DoD*") branches, a mid-sized bank in the EMEA region, four U.S. state agencies, U.K. and Singapore government entities, and a large global holding company.

IronNet began targeting large enterprises and Fortune 500 companies, but the flexibility and scalability of its cloud-native platform and enhanced go-to-market approach enabled it to expand its customer base to smaller companies as well. IronNet has been recognized in the cybersecurity industry by independent third-party analysts, including Gartner, Forrester, IDC, 451 Research Group, and Omdia, who has called IronNet's analytics a "potential game changer" in a June 2020 report. In January 2021, the global insurance brokerage Marsh named the Collective Defense platform as one of its industry-recognized Cyber Catalyst solutions. In August 2020, IronNet announced that it had achieved "FedRAMP-ready" for Agency Authorization status, as approved by the Federal Risk and Authorization Management Program (FedRAMP).

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Industry Background

Cybersecurity trends

There are a number of key trends driving the need for a new approach to cybersecurity.

Increased velocity of sophisticated attacks

Increasingly, adversaries are well-trained, possess significant technological and human resources, and are highly deliberate and targeted in their attacks. Adversaries today range from militaries and intelligence services of well-funded nation-states, to sophisticated criminal organizations motivated by financial gains, to hackers leveraging readily available advanced techniques. The broad availability and rapid evolution of cyber attack toolkits and use of regional cloud infrastructure or compromised servers to launch attacks make it nearly impossible for security teams to keep up with cyber threats. Given sufficient amount of time and resources, a determined adversary will have the ability to breach current cyber defenses of almost any enterprise, organization, or government.

Rear-facing and insufficient tools

Gartner, an industry research firm, estimates that worldwide spending on global information security will be $186.2 billion by 2024, up from $124.2 billion in 2018. Even with increased cybersecurity spending, however, security outcomes have not substantially improved. The recent widespread SolarWinds/SUNBURST cyberattack is just one example of how a sophisticated adversary can thoroughly permeate an industry, geography or supply chain. The lack of equally sophisticated threat intelligence sharing allowed this hack to penetrate networks more deeply, and for much longer. The evolving threat landscape has rendered traditional defense approaches incapable of protecting organizations against next-generation threats.

The current generation of security products focuses on signature-based approaches that often have limited ability to collect, process, and analyze vast amounts of data—attributes that are required to be effective in today's increasingly dynamic threat landscape. This includes traditional and next-generation firewalls, Intrusion Detection and Prevention Systems ("*IDPS*"), SIEMs, and other similar tools that are designed to manage policies for network traffic and rely on rear-facing threat intelligence indicators of compromise ("*IoCs*") based on IP, domains, file hashes and other signature-based intelligence from known threats. They are not fundamentally designed to detect advanced, never-before-seen, "unknown unknown" cyber threats in a timely and scalable fashion.

The borderless enterprise where the network is no longer the perimeter

Cloud, IoT and SaaS applications have expanded the attack surface and cyber vulnerabilities. According to a Gartner press release dated May 13, 2020, Gartner reports that, while some cloud transformation projects may have put on hold during the COVID-19 pandemic, it expects overall cloud spending levels previously estimated for 2023 and 2024 to show up as early as 2022. The ongoing COVID-19 pandemic has only accelerated this trend, with one survey by PricewaterhouseCoopers LLP reporting that 83% of executives believed the shift to remote work had been successful and that 79% of executives would no longer require a traditional five-day onsite work week. Furthermore, IDC, an industry research firm, estimates that by 2025 there will be 55.7 billion
connected devices worldwide. The reality of the borderless enterprise will fundamentally change network cyber defenses from a centralized command and control defensive strategy using traditional on-premise blocking infrastructure to a distributed detect and respond strategy that fuses different sources of telemetry data across network, endpoints, and logs into actionable intelligence using large-scale behavioral analysis for security teams to take action.

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Scarcity of qualified human capital

Even with the most sophisticated AI-based cyber technology in place, the human element of cybersecurity investigation, triage, and research plays an important role in risk reduction. As the Collective Defense platform is detecting and prioritizing anomalies, the analysts and threat hunters are ultimately deciding which alerts to triage, investigate, and manage through to response and mitigation. Organizations are consistently under-resourced in this area, however, as the ratio of the volume of network traffic versus the number of cybersecurity specialists to analyze that traffic is severely lopsided, resulting in Security Operations Center (SOC) staff overwhelm and burnout. A July 2020 report by the Information Systems Security Association states that 70 percent of its members believe that their organization has been impacted by the global cybersecurity skills shortage. The number of unfilled cybersecurity positions has already surpassed four million worldwide.

Cloud impact on enterprise cyber defenses

As digital transformation has accelerated in all industries, traditional security controls implemented on the company's on-premise network are often no longer available and often must operate differently for the outsourcing of IT infrastructure and operations to the public cloud provider. While the cloud is designed to make business easier, Management and Security Operations are different from traditional on-premise security, as the teams do not have access to the underlying networks or logs, and therefore have limited visibility of cloud infrastructure. The major cloud providers have introduced logging and basic detection using signature-based detection strategies, but these require additional third-party or custom capabilities to provide sufficient defenses. Security vendors have attempted to fill the security gaps by introducing new products for the cloud based on existing on-premise technologies, but these are often cloud bolt-ons that provide limited detection and visibility for cloud environments and are complex to deploy, difficult to scale, brittle to maintain, and costly to own.

Limitations of existing products

Existing detection and threat sharing methods have a number of limitations, including:

Legacy signature-based products

Signature-based products are designed to detect known attacks using a repository of previously identified indicators of compromise, but are not capable of detecting or responding to unknown threats. Used by network security, endpoint security, SIEMs and other standard defense-in-depth cybersecurity solutions as a core detection method, these signature-based detections have resulted in many significant breaches due to the failure of legacy defenses to detect a previously unknown or modified version of a previously known attack. While current technologies remain an essential part of the SOC Visibility Triad, a network-centric approach to threat detection and response described by Gartner in 2019, they miss a large swath of dangerous threats that evade detection, as evidenced by the major SolarWinds/SUNBURST supply chain and Microsoft Exchange server attacks widely reported in the news media in 2020 and 2021.

Log and event management products

SIEMs and similar log management products are designed for compliance, reporting, and security incident management purposes, but they struggle with the scale and processing required to deliver the behavioral-analysis
capabilities across current and historical data to detect new or modified versions of known threats. While these systems provide useful correlation capabilities, security operation teams are increasingly leveraging these systems for central aggregation points for workflow, ticketing, and case management, rather than for detection.

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First generation network-based behavioral analysis products

First generation network-based behavioral analysis products provide a basic level of outlier detection using Bayesian analysis or other statistical methods to identify obvious patterns in small networks. Often marketed as artificial intelligence ("*AI")* solutions, these solutions lack the scale, correlation, or analysis capabilities needed to detect threats hiding in plain sight within networks commonly seen at mid-sized or larger enterprises with thousands of devices, hundreds of applications, multiple physical sites, and multi-cloud architectures.

Infrastructure monitoring/network performance monitoring and diagnostic-based products

Traditional network infrastructure providers offer infrastructure monitoring products designed to identify network bottlenecks and other network reliability or performance issues. Increasingly, these vendors have added bolt-on cybersecurity capabilities that can provide security teams' networks with asset discovery and some network visibility, but they struggle with the algorithmic analysis needed to detect new and unknown threats with high fidelity or the forensic capabilities required by security operations team to investigate, triage, and respond to an identified network anomaly.

Threat intelligence sharing products

Threat intelligence products are designed to share massive amounts of non-specific signature-based IoCs that commonly focus on IP addresses and domains of known threats and often only after a substantial period of time by the contributing organization. The lack of timeliness or specificity to an enterprise severely limits the effectiveness of the shared information from a cyber defense perspective. By the time this information is shared, usually weeks or months after an attack, a sophisticated attacker only needs to slightly modify their methods by changing their attack infrastructure to enable them to bypass cyber defenses of their targeted enterprises, industries, or nations.

Information Sharing and Analysis Centers ("ISACs") and other threat sharing groups

Threat sharing groups emerged more than 20 years ago as a way for security teams to work together to collect, analyze, and share actionable threat information within their members communities. IronNet believes this is a substantial step in the right direction; however, threat sharing in these groups relies largely on signature-centric threat intelligence platforms that struggle with timeliness and specificity of their intelligence or ad hoc manual forms of communication, such as email and only with a subset of security defenders with whom an analyst has a personal relationship. ISACs and similar groups are the right organizations, but they need technological solutions that enable them to share contextual, relevant, and timely information in real time across the full community.

Creating a new market segment: Collective Defense

"The U.S. government and industry ... must arrive at a new social contract of shared responsibility to secure the nation in cyberspace. This 'collective defense' in cyberspace requires that the public and private sectors work from a place of truly shared situational awareness and that each leverages its unique comparative advantages for the common defense."

— U. S . Cyberspace Solarium Commission Report, March 2020

IronNet is creating a new market category with Collective Defense. With its Collective Defense platform, IronNet developed the first and, to its knowledge, the only solution that can identify and rate anomalous behaviors on the network and share this anonymized threat intelligence among Collective Defense community members (who may comprise a supply chain, state, or country) as an early-warning system for all.

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The power of Collective Defense is that multiple companies can essentially work as a team to detect and defend against attackers early in the network threat intrusion cycle. This differentiated approach allows customers to:

Gain real-time visibility across the threat landscape

IronNet's Collective Defense platform leverages proven behavioral analytics, machine learning ("*ML*"), and AI techniques across anonymized participant data to identify stealthy, sophisticated threats that otherwise may be missed by an individual enterprise and signature-based tools. The platform has been designed to deliver real-time visibility of cyber threats targeting supply chains, industries, regions, or any custom IronDome Collective Defense grouping.

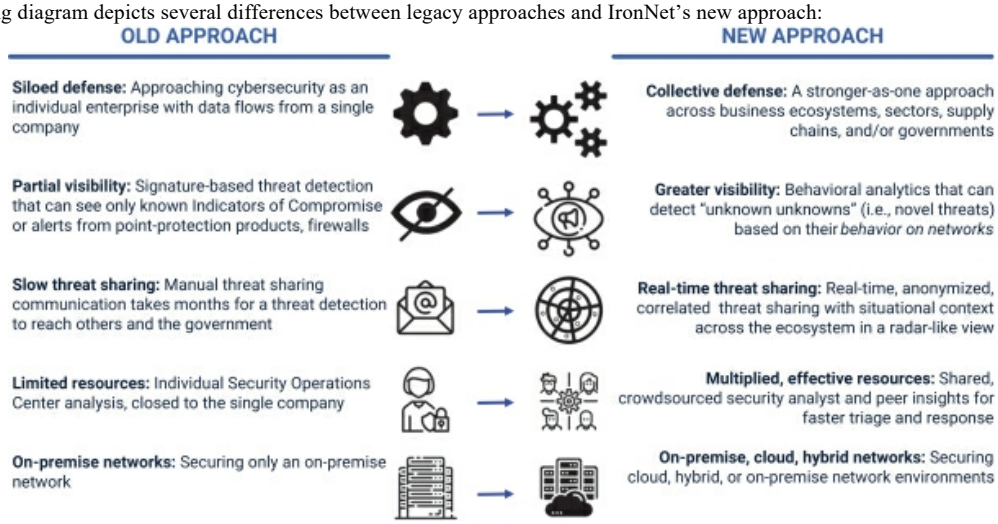
Reduce impact of cyber attacks with help from fellow cyber defenders

The Collective Defense ecosystem acts as a collaboration hub to enable participants to automatically share real-time detections, triage outcomes, threat indicators, and other insights with members of their Collective Defense group. When suspicious behaviors are identified by any member, IronDome automatically shares a proactive warning to all members at machine speed so each member can prioritize their defense against the identified cyber threat.

Improve effectiveness of existing cybersecurity investments

Threat intelligence is valuable, actionable, and relevant only when received in time, before a threat enters a network. IronNet's innovative collective threat intelligence provides immediate alerts at machine speed and context into urgent threats, enabling organizations to prioritize threats and build a proactive defense. This information can be used by a customer's existing network, endpoint, or other security tools to identify and stop adversaries from retargeting their attack.

The following diagram depicts several differences between legacy approaches and IronNet's new approach:



A new cybersecurity model: from reactive, individual defense to proactive, Collective Defense

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IronNet's Solution: The Collective Defense Platform

The Collective Defense platform comprises two tightly integrated proprietary technologies: IronNet's Network Detection and Response (NDR) solution, IronDefense, and its innovative collective threat-sharing solution, IronDome.

The IronNet Collective Defense platform offers a unified set of technologies that powers a wide range of network behavioral detection, security operations, real-time threat landscape visibility, threat sharing, and peer SOC-analyst collaboration capabilities. IronNet can rapidly and cost effectively deploy in its customer's public cloud, private cloud, and on-premise infrastructure using its flexible deployment options. Its expanding set of open APIs and ecosystem integrations enable it to add new sources of data for behavioral analysis and Collective Defense sharing and collaboration to detect and stop targeted cyber attacks.

Armed with elite detection capabilities and combined offensive operator experience at the highest level of the U.S. government, IronNet's founders set out to build a behavioral analytics solution to detect threats heading toward, or already in, the network. A growing portfolio of proprietary analytics forms the backbone of IronDefense. However, while effective in detecting unknown anomalies, behavioral analytics by itself is insufficient in modern, noisy networks where anomalies are common and can lead to a high number of false positives. For many NDR vendors in the industry, the solution is to tune their analytics to be less sensitive in order to deliver reduced false-positive rates at the expense of letting true positives into the network. IronNet undertook a different strategy to meet this challenge. It introduced its expert system scoring algorithms, supported by IronNet's elite cyber hunters, to increase its detection specificity while preserving the sensitivity of its analytics in IronDefense.

IronNet introduced IronDome in 2018. Powered by IronDefense's threat detections, IronDome is the foundation of IronNet's Collective Defense platform, a purpose-built, cloud-native, and holistic platform that is capable of defending, analyzing, and correlating threats from various sources. It delivers timely, actionable, and contextual insights to attacks targeting an enterprise and, from there, is able to provide early warning to all members of the Collective Defense ecosystem.

The differentiated value of IronNet's Collective Defense platform is its ability to build a dynamic, comprehensive picture of the threat environment, much like radar for cyberspace, based on real-time, anonymized alert correlation across any participating member environments. It also provides situational context and peer insights for greater visibility and context of the threat landscape at any given time.

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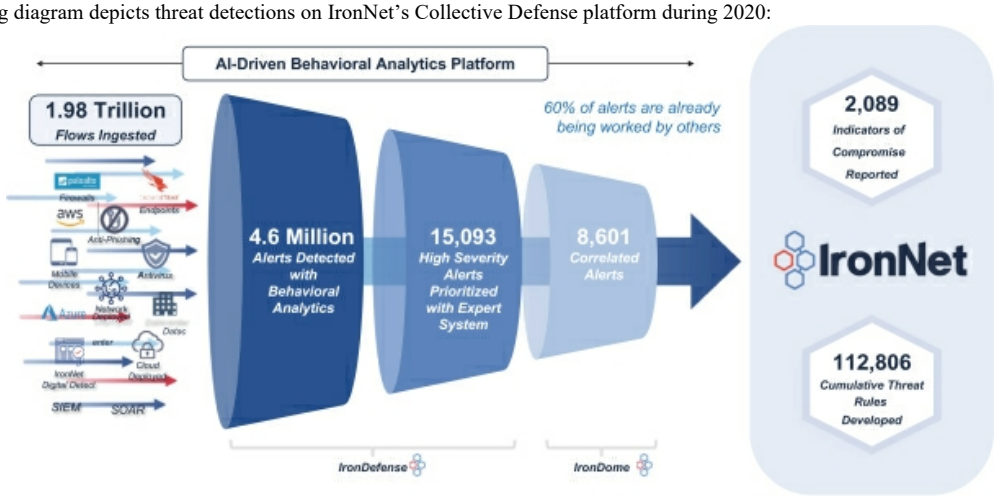
The following diagram depicts threat detections on IronNet's Collective Defense platform during 2020:



Notes: Represents full-year data for calendar year 2020 except for cumulative number.

Correlated alerts for threat detection earlier in the intrusion cycle

IronNet is not aware of any other vendor in the market with a similar approach to cybersecurity. Even though community members bring disparate network environments, such as cloud, on-premise or hybrid, to the Collective Defense ecosystem, correlated threats stand out given that the adversarial behaviors are typically consistent, no matter who the target is, as was the case with the SolarWinds/SUNBURST attack.

The Collective Defense platform comprises two flagship products:

IronDefense

IronDefense is an advanced Network Detection and Response (NDR) solution that provides behavior-based and AI-driven analytics at the network level to detect anomalous activity at individual enterprises and prioritize the highest threats in a company's network. IronNet leverages novel AI/ML algorithms to deliver high-fidelity analytics required to detect previously unknown threats. In addition, IronNet provides advanced enrichment techniques via IronDefense's Expert System, which has been designed to achieve high efficacy levels, low false positive rates, and improved visibility compared to legacy approaches. This is all done at network speed and cloud scale.

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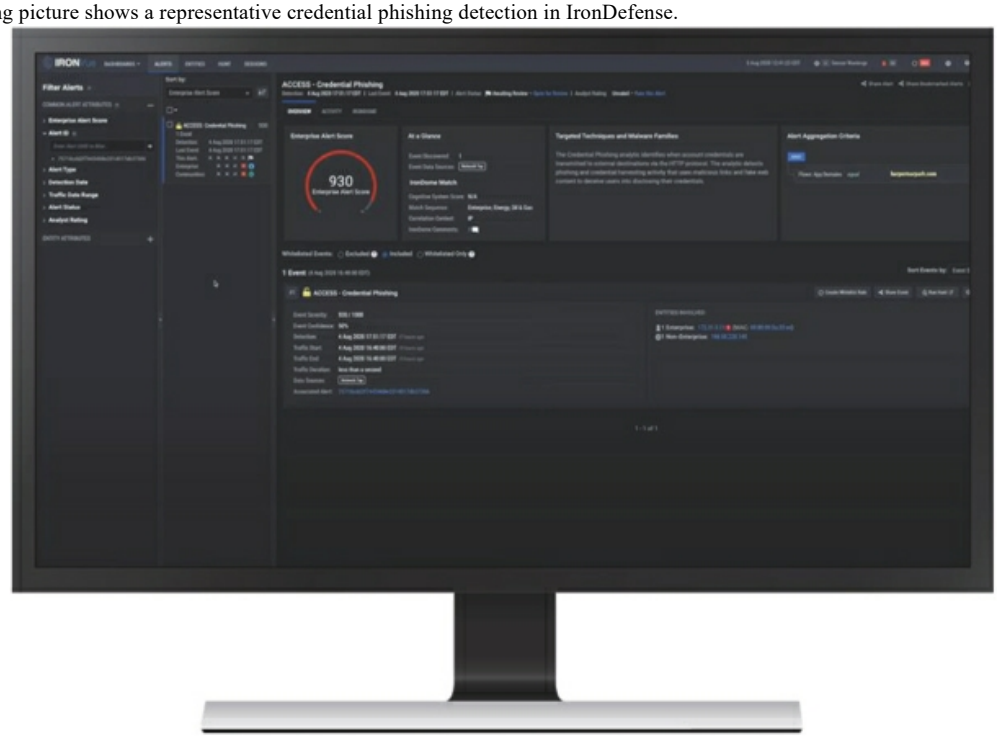
The following picture shows a representative credential phishing detection in IronDefense.



Most current cybersecurity tools focus on detecting the final “action-on-target” step of an intrusion. At this stage, identification is easier but the insights come far too late to stop attackers from getting into positions in the network to exfiltrate data, steal IP, or accomplish other malicious objectives. IronDefense uses advanced analytics based on metadata from the traffic in the customer’s network to identify anomalous activity earlier in the intrusion kill chain.

Key components of IronDefense include:

IronDefense behavioral analysis engine

IronDefense leverages behavioral-based detections to identify threats targeting industries and companies earlier in the intrusion cycle, and to identify the underlying behavior and methods to counter unknown threats, or customizations that attackers will implement to target companies in the future. The analytics are built upon algorithms that form the foundation of the patented IronDefense platform. They are computationally designed to understand normal network behavior by applying tests to create a benchmark of standard, acceptable traffic patterns in the network. Detected anomalies are grouped with similar instances of traffic behavior to minimize alerting and to aggregate events by events within the customers’ networks.

IronDefense Expert System

IronDefense includes an Expert System that automates security operations playbooks of how top cyber operations hunters leverage contextual data and other sources of telemetry data later on in the detection and

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response process and applies it to the risk scoring of anomalies detected by its behavioral analysis. This enables IronNet to preservice its detection accuracy without sacrificing the sensitivity of its algorithms by leveraging the wisdom of IronNet's elite cyber hunters triaging thousands of alerts from real-world environments. The expert system also alleviates the "alert fatigue" that plagues every SOC by minimizing the tedious steps in an investigation, reducing alert fatigue and allowing security teams to focus on responding to high risk detection in their environments. The Expert System is continually optimized through machine learning from anonymized triaged outcomes by IronNet cyber hunters using IronDefense.

IronDefense CoDA engine

Threat analysts and hunters spend a significant portion of their time triaging individual alerts by identifying corroborating evidence and related information. In 2021, IronNet is launching a new correlation engine called CoDA, for Correlation of Detections and Alerts, that models adversary attack techniques and pre-correlates anomalous activity by threat categories to improve risk scoring and alert prioritization, as well as to dramatically reduce alert load. This system leverages a multi-pass system that first optimizes for detecting as many potential instances of a particular type of threat activity and enriching detections with threat intelligence and other external and internal data sources to optimize for detection precision. Events are further aggregated by entity information, attack stage identification, and time sequence data to deliver a timeline of an attack and scored by risk to the enterprise.

IronDefense threat hunting interface

IronDefense includes a threat hunting interface built by IronNet's elite cyber hunters to empower security operations teams to conduct detailed investigative workflows and forensic analysis of threats detected by IronDefense. The hunting interface empowers security analysts to investigate across all raw traffic, network metadata, logs, telemetry data, and collective threat intelligence captured by IronDefense, all the way down to full-packet capture of individual network flows.

IronDefense sensors

IronDefense sensors are cloud, virtual, and physical sensors that are deployed at the network perimeter to ingest "north-south" traffic within internal networks to provide "east-west" traffic visibility across an enterprise. Cloud sensors are available for public cloud environments to ingest raw traffic data directly from Infrastructure-as-a-Service ("*IaaS*") virtual networks from major cloud providers such as AWS and Microsoft Azure deployments. The sensor extracts rich network session metadata from the raw traffic and sends it to IronNet's behavior analysis engine for processing and expert system validation. The IronDefense sensors also continuously collect full raw traffic packet capture for inspection during hunting operations.

IronDefense direct data ingest

IronDefense has the ability to utilize a wide-range of data types and telemetry data directly from existing sources. These data sources include standard protocols such as DNS, HTTP/S, or Active Directory; common network log formats such as BRO/ZEEK or NetFlow; Cloud Provider logs such as AWS VPC, AWS CloudTrail or Microsoft Azure NSG logs; and application logs such as Office 365.

IronDome

IronDome is a threat-sharing solution that facilitates a crowdsourced-like environment in which the IronDefense findings from an individual company are automatically and anonymously shared within groups of related entities, such as portfolio companies, supply chains, industries, or nations, for correlation and further analysis. IronDome analyzes threat detections across companies to identify broad attack patterns and provides anonymized intelligence back to all customers in real time.

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IronDome enables Collective Defense member enterprises to actively share individual anonymized cyber anomalies at machine speed across a community of public-private peers. This capability allows companies to identify stealthy attackers earlier in the attack cycle when many of their methods fall below the threshold of detection at a single company by allowing companies to aggregate data and run higher-order analysis across industry data.

Key components of IronDome include:

IronDome Collective Defense communities

IronDome threat sharing is organized by communities of enterprises based on their business ecosystem, industry, region, or nation. Enterprises can be members of multiple communities based on their sharing preference and threat sharing needs. As customer adoption grows, the network effect of each additional enterprise participating in IronNet's Collective Defense platform will amplify the breadth and depth of its dataset and intelligence.

IronDome collective threat intelligence sharing

IronDome links communities of enterprises together to provide contextual insights into the threat landscape. Machine and human intelligence is shared in real time across the community by threat correlations, as well as outcomes and insights related to how various analysts at different enterprises rated and triaged similar threats in their environment. Real-time feedback of these insights delivers enhanced threat landscape visibility and detection insights that allow members to immediately react to active threats targeting their industry and to adjust their defenses to combat the threat.

IronDome RadarView

IronDome creates a radar-like view of cyberspace that links private and public sector stakeholders in their Collective Defense community. The RadarView graph provides an anonymized real-time view of threats targeting an enterprise's business ecosystem, supply chain, industry, or region.

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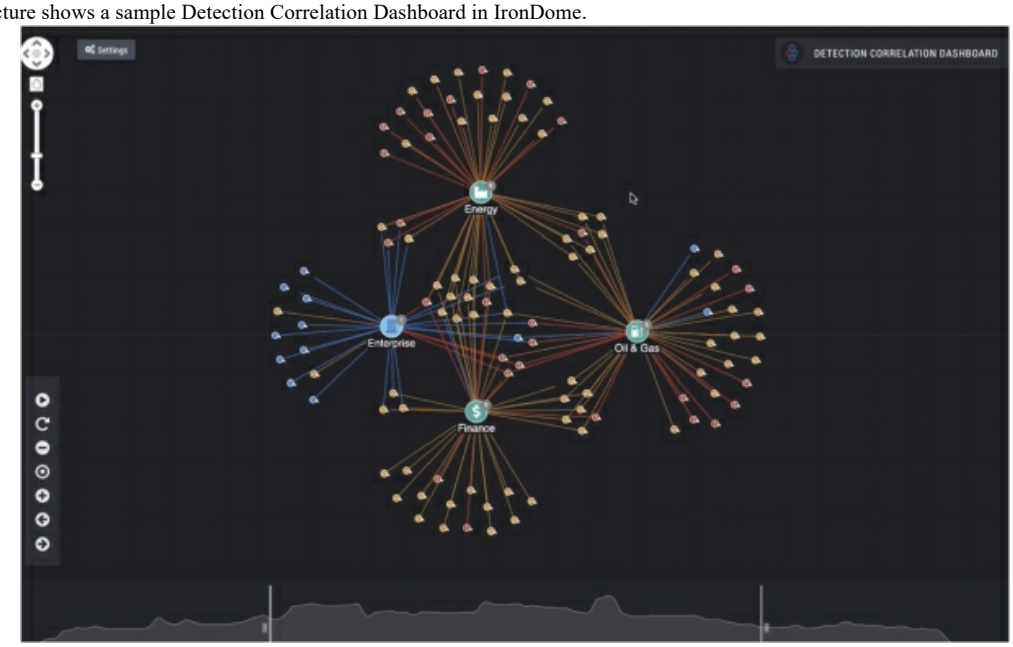
The following picture shows a sample Detection Correlation Dashboard in IronDome.



Called Collective Defense communities, spearheaded by a "cornerstone" company or organization, an IronDome could be established for a company's business ecosystem, such as a wealth management firm with many portfolio companies; a sector-based collaborative, such as in within energy or finance), or a cross-sector formation; states and countries; and private-public sector configurations.

In each Collective Defense community, members agree to share anonymized data about threats detected on their individual networks with the collective, on an ongoing basis. This collaborative approach is designed to "flip the script" on attackers by raising the defensive capabilities of any one player. If correlated alerts and attribution based on behaviors suggest that a nation-state is involved, Collective Defense participants can voluntarily share threat information with the government for cyber defense on a national scale as needed to defend the nation.

The Collective Defense platform is available for on-premise, cloud (public and private), and hybrid environments, and it is scalable to include small-medium businesses as well as multinational corporations.

Threat Intelligence

Using information derived from the Collective Defense Platform, IronNet also provides its customers with threat intelligence.

IronNet Threat Intelligence Rules

IronNet develops threat intelligence rules ("*TIRs*") based on significant community findings. These detection rules for network, endpoint, or other security tools allow customers to proactively protect themselves against known threats through more secure controls.

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IronNet Threat Intelligence Brief

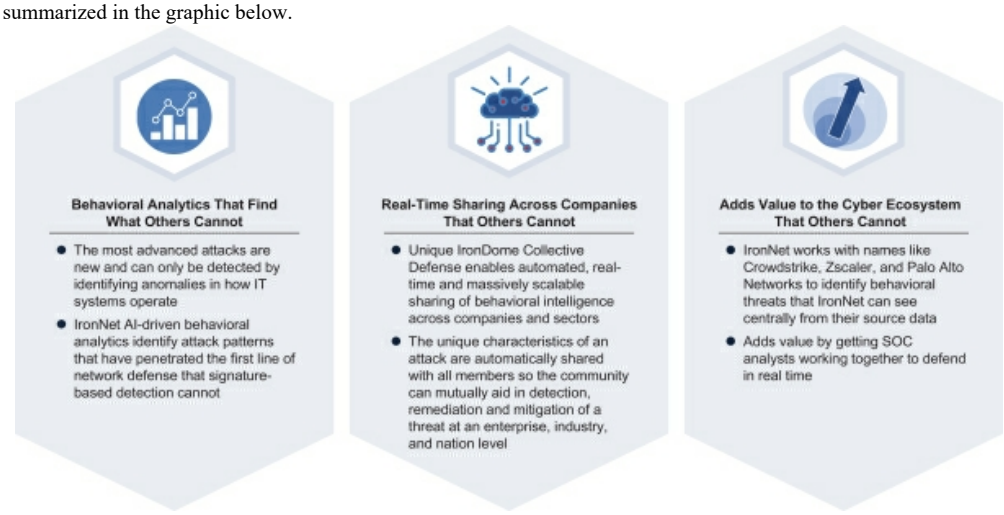
The monthly IronNet Threat Intelligence Brief provides top observed threats across IronNet Collective Defense communities. It includes significant community findings, such as network behavioral anomalies that were rated as suspicious or malicious by IronNet and/or participant analysts, threat intelligence rules, a snapshot of monthly correlated alerts, and threat research highlights.

Key Benefits of IronNet's Solution

IronNet's solution offers its customers several benefits, including:

- differentiated business value that includes behavioral analytics, which find threats that other tools cannot;
- real-time threat-sharing across communities; and
- value to the Collective Defense ecosystem through integrations.

These benefits are summarized in the graphic below.



Behavioral analytics that find threats that other tools cannot detect

Superior threat behavior detection to see unknown threats

IronDefense examines the network traffic itself, which is much harder for an attacker to evade or manipulate. IronDefense threat detections are based on advanced, high-fidelity analytics and AI/ML detection capabilities built by top cyber subject matter experts ("*SMEs*"), continuous full packet capture ("*PCAP*"), an expert system that applies the judgment and tradecraft playbooks of the nation's top cyber defenders, and integrated cyber hunting (packet level visibility that improves speed and depth of investigations).

Visibility across the full enterprise to close threat detection gaps

IronDefense network detections fill the known void in threat visibility, which is being able to see unknown, novel threats on the network that other tools cannot see. The Collective Defense platform is an essential part of the SOC Visibility Triad, complementing endpoint detection and response (EDR) and logs. It is the engine that can transform this triad into a dynamic pyramid for comprehensive visibility across the threat landscape.

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Cognitive detection, correlation, and prioritization analytics for reduced false positives

The Collective Defense platform collects, processes, correlates, and analyzes high-fidelity data from customer networks (anonymized), threat intelligence on real-world attacks, significant community findings, and correlated alerts in the Collective Defense communities. IronNet uses this data to continually train and enhance its IronDefense behavioral analytics to increase the signal-to-noise ratio to detect new, unknown attacks with high-fidelity analytics. IronNet automatically chains and scores related events into signals to increase analyst visibility.

Data ingest at scale for a broader view of the threat landscape

IronDefense gathers data streams from a variety of sources to build a more comprehensive picture of threats. Network sensors provide streaming capture of all network packets for detection and visibility into all protocols activity. Network logs provide asset discovery and device metadata for event enrichment and contextualization. Cloud data on user activity and usage patterns only the cloud provider can collect. Security ecosystem data provide entity and user operational state which supplements network and cloud data collected.

The only real-time threat sharing capability across companies for stronger defense

The ability to defend better as a collective force

The Collective Defense platform orchestrates threat-sharing and collaboration in real time to deliver immediate visibility and instant sharing of malicious cyber threats targeting supply chains, industries, regions, or any custom Collective Defense community to reduce impact of cyber attacks with help from fellow cyber defenders. IronDome acts as a collaboration hub to enable members to automatically share real-time detections, triage outcomes, threat indicators, and other insights with members of their Collective Defense community.

Faster warning and response capabilities

When suspicious behaviors are identified by any member, IronDome automatically shares a proactive warning to all members at machine speed so each member can prioritize their defense against the identified cyber threat. This capability allows companies to identify stealthy attackers earlier in the attack cycle when many of their methods fall below the threshold of detection at a single company by allowing companies to aggregate data and run higher-order analyses across industry data. The platform supports opt-in anonymized sharing with governments for national response when necessary.

Real-time sharing of peer insights for stronger defense

The Collective Defense platform allows community members to share threat context, prevalence, and expert commentary about how to triage and response, much like the Waze app for traffic, except for cybersecurity. By banding together and working together with peers, Collective Defense community members are better able to pool and optimize resources so they can achieve “defensive economies of scale” that allow them to keep up with and counteract cyber attackers.

Deep subject matter expertise to improve customer defense

IronNet has an elite cyber operations team working directly with customers’ security teams to detect, triage, and respond. Its teams are led by cyber offensive and defensive SMEs. Approximately one-half of IronNet’s cyber operations experts have National Security Agency or U.S. Department of Defense experience, and 40% have cyber offensive, intel, or research experience.

A force multiplier effect to help strained SOC teams

IronNet’s deep SME knowledge enables a multiplier effect for severely strained SOC analysts, who can leverage insights from its security analysts and threat hunters, as well as peer insights and triage outcomes from

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the Collective Defense community. This approach addresses the cyber talent shortage, improving the effectiveness of SOC teams and optimizing tools and human resources. IronNet's high-fidelity analytics and threat intelligence provide autonomous identification, prioritization, and recommendation to accelerate incident investigation and the response process.

Added value to the cybersecurity ecosystem

Easy-to-use deployment for faster time to value

The Collective Defense platform has been designed to be easy to provision, configure, and manage, working seamlessly with a suite of SIEM, SOAR, EDR, and NGFW APIs to streamline siloed security products. These integrations provide a natural complement to IronDefense and reinforce the users' existing security infrastructures. Analysts do not need to re-learn anything and can see detections from a single view.

Security for any environment

IronNet can provide security protection across cloud, multi-cloud, on-premise, and virtual environments to support customers with different needs. Public cloud options are Amazon Web Services ("*AWS*") and Microsoft Azure, and IronNet has private cloud options based on Nutanix for customers that want to leverage their own on-premise HCI environments. The on-premise deployment option is IronNet's hardware appliance or virtual application.

Improved effectiveness of existing security investments

IronDefense automates many of the time-consuming threat discovery and investigation steps and indicates the severity of anomalous activity. Its customers' analysts can make decisions in a shorter amount of time.

Industry Recognition, Awards and Designations

Industry analyst reports

Over the past 24 months, IronNet and its platform and products have been recognized in 10 reports by multiple third-party industry analysts, including Gartner, Forrester, IDC, 451 Research Group, and Omdia, who has called IronNet's analytics a "potential game changer" in a June 2020 report.

Industry designations

Cyber Catalyst by Marsh™ designation

In January 2021, the global insurance brokerage Marsh named the Collective Defense platform as one of its industry-recognized Cyber Catalyst solutions. This evaluation program is designed to help organizations make more informed choices about cybersecurity products and services to manage their cyber risk, by providing independent reviews conducted by insurers who fully understand the impact of risk exposure.

FedRAMP Ready for Agency Authorization

In August 2020, IronNet announced that it had achieved "FedRAMP ready" status for Agency Authorization status, as approved by the FedRAMP. IronNet's achievement of this status means the FedRAMP PMO has determined that IronNet can meet the FedRAMP security requirements and could be granted an Authority to Operate ("*ATO*") from federal agencies.

Industry certifications

GDPR-compliant

IronNet is committed to data privacy and is compliant under the European Union ("*EU*") General Data Protection Regulation ("*GDPR*"). IronNet is also an active member of the EU/ Swiss-US Privacy Shield

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Framework through the U.S. Department of Commerce. The EU/Swiss-U.S. Privacy Shield Framework provides a method for companies to transfer personal data to the United States from the EU in a way that is consistent with EU law and acceptable under EU GDPR.

ISO/IEC 27001

ISO 27001 is an international standard for information security management systems ("*ISMS*"). An ISO 27001 certification demonstrates that IronNet has addressed the following areas: security policy, organization and information security, asset management, human resources security, physical and environmental security, communication and operations management, access control, information systems acquisition, security incident management, business continuity management, and compliance.

SOC2 Type I and SOC2 Type II

IronNet is also SOC2/Type I and Type II certified, verifying that it has a suitable design of controls to meet the criteria for the security, availability, confidentiality, and processing integrity principles of the SOC2 standard. Having Type II attestation demonstrates the operational effectiveness of IronNet's design controls.

Department of Homeland Security Continuous Diagnostics & Monitoring

IronNet is registered with The Department of Homeland Security ("DHS") Continuous Diagnostics & Monitoring ("*CDM*") program recognizing cybersecurity tools and sensors that are reviewed by the DHS program for conformance with Section 508, federal license users and CDM technical requirements. IronNet also received two separate acceptances/approvals for the DHS CDM Approved Products List for IronDefense (IRO-0002-20180103) and IronDome (IRO-0004-20180405).

Industry Award highlights

2020 Fortress Cyber Security Award

IronNet won a Fortress Cyber Security Award for two years in a row in the Public & Private Cloud category for IronDome. The award recognizes the world's leading companies and products that are working to keep data and digital assets safe.

2020 CyberSecurity Breakthrough Award

IronNet's IronDome Collective Defense solution was named the "Overall Incident Response Solution of the Year" by the 2020 CyberSecurity Breakthrough Awards. The CyberSecurity Breakthrough Awards program recognizes the top companies, technologies, and products in the global information security market.

2020 Cyber Security Awards

IronNet's IronDome Collective Defense platform was named the winner of the "Innovative Product of the Year—Threat Detection" by the Cyber Security Awards. The Cyber Security Awards recognize the best individuals, teams, and companies within the cybersecurity industry for excellence and innovation across 18 categories.

2020 CRN Emerging Vendors List

IronNet was named to the 2020 Emerging Vendors list in the Security Channel by CRN. This annual list honors new, rising technology suppliers that exhibit great promise in shaping the future success of the channel with their dedication to innovation.

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IronNet's Market Opportunity

"Information sharing is critical for empowering the global ecosystem to move from individual to collective cyber resilience."

— World Economic Forum Centre for Cybersecurity,
"Cyber Information Sharing: Building Collective Security," October 2020

IronNet was founded on the belief that network defense accelerated by AI was the future of cybersecurity and that the ability to share these AI-based threat detections in real time was non-existent in the market at the time of IronNet's inception. IronNet's goal has been to give companies, organizations, and governments better ways to fight back against organized criminal groups and nation-state adversaries.

To best operationalize AI in a security setting, IronNet turned to the ML subset of AI. It uses ML models to detect "unknown unknown" threats to networks. An unknown threat, or a zero-day threat, is considered a malicious code that has not been seen before, hence without a "signature." Such threats exploit vulnerabilities as advanced persistent threats or targeted attacks. Behavioral analytics, which are data-driven algorithms tuned to detect behaviors on networks, can increase an organization's visibility across the network, reduce the impact of cyber attacks, and improve the effectiveness of their cybersecurity investments.

IronNet believes there is a clear market need to systemically fix a broken approach to cybersecurity. According to the Center for Strategic and International Studies, global cybercrime losses have nearly doubled from $523 billion in 2018 to $945 billion in 2020. Being able to detect unknown, malicious threats and share threat intelligence through Collective Defense is critical for mitigating the impact on business continuity and cost. An independent industry study conducted in 2020 estimates that it takes an average of 315 days to detect and contain a data breach caused by a malicious attack, while an average of 230 days is necessary to identify a malicious breach, giving hackers dangerous network dwell time to steal personally identifiable information (at the average cost of $175 per record in malicious attacks) and intellectual property. Security automation can reduce that lifecycle by about 2.5 months. Shortening the detect-to-contain cycle to less than 200 days could potentially cut the total cost by about a quarter.

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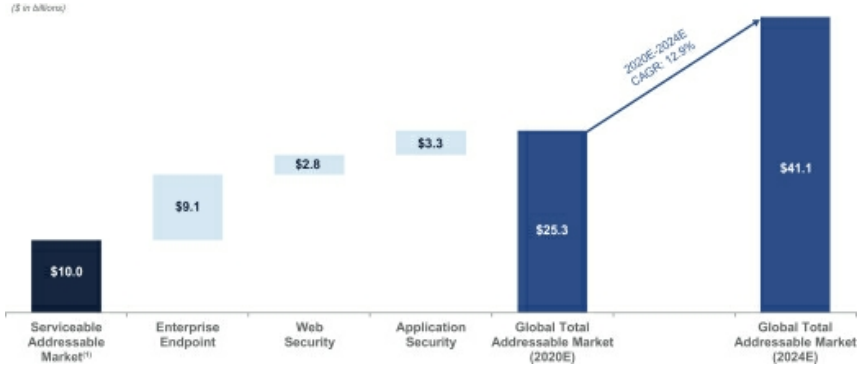
Market Overview

The following graphic depicts IronNet's estimated total addressable market:



Source:Gartner: Forecast: Information Security and Risk Management, Worldwide, 2018-2024, 4Q20 Update

(1) Summation of revenues generated from solutions for Security Information and Event Management (SIEM) Software, IDPS Equipment, Enterprise Data Loss Prevention, Threat Intelligence Software, Network Detection and Response, and Network Access Control.

IronNet's customers utilize its Collective Defense platform across a wide variety of use cases. Its total addressable market initially began as a behavioral-based detection and response opportunity in the network security market, but has significantly expanded due to rapid innovation and adoption of the Collective Defense platform across additional security segments.

In addition, IronNet's increasing market opportunity is driven by the rapidly increasing desire and willingness of public and private enterprises of all sizes to share collective threat intelligence and work together in common defense to support their continued acceleration of digital transformation and cloud computing, adoption of the Internet of Things ("*IoT*"), and the ability to defend their enterprises in a continually intensifying threat landscape.

IronNet's innovative approach is unique in the security industry. IronNet identifies anomalies across network traffic using advanced behavioral analytics, artificial intelligence, and machine learning techniques; applies integrated security operations automation through the use of its Expert System; automatically correlates pre-triaged detections; and shares collective threat intelligence across an enterprise's business ecosystem. Because of its solution strategy and architecture, the IronNet Collective Defense platform is the first to address multiple security markets, including markets not typically associated with Network Detection and Response.

The markets IronNet addresses comprise the following:

Network Security Equipment and Infrastructure Protection

In 2016, IronNet launched its IronDefense product to disrupt the Enterprise Network Security Equipment market that included what is now the NDR, Network Access Control ("*NAC*"), and Intrusion Detection & Prevention System ("*IDPS*") markets, respectively. As part of its launch of IronDefense, it included a security operations capability built by world-class security experts specific for security operations to address the SIEM and Enterprise Data Loss Prevention ("*DLP*") markets, respectively. In 2018, IronNet launched its IronDome product to disrupt the threat intelligence market by providing enterprises with real-time visibility to their threat landscape and curated threat intelligence to actual threats targeting their business ecosystem, supply chain, industry, and region. Gartner estimates that the global market for these segments in the Network Security Equipment and the Infrastructure Protection will be $10.0 billion in 2021.

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Application Security, Web Security, and Enterprise Endpoint

Additional enhancements in 2020 to IronDefense and IronDome that further enable use to operate in public cloud environments allow IronNet to address the Application Security segment and web security market that Gartner estimated at $3.3 billion and $2.8 billion, respectively, in 2020. The addition of ecosystem integrations in 2021 across a range of security ecosystems increases IronNet's footprint within a security ecosystem, and its ability to work natively with endpoint detection and response vendors under its Collective Defense capabilities enables IronNet to address the enterprise endpoint market, which Gartner estimated at $9.1 billion in 2020.

IronNet's Go-to-Market Strategy

IronNet describes its go-to-market strategy as "land and expand with network effects." Its approach is to initially secure what it describes as influential "cornerstone" customers and then to expand their respective Collective Defense community with additional "community members" from organizations of similar industry sector, state, country, supply chain, or tailored business ecosystem. As each Collective Defense community grows, so does the volume of shared data, and the value of IronNet's platform for each of those members thereby expands both technically and commercially.

The following diagram depicts this strategy:

IronNet defines a Collective Defense cornerstone customer as a customer who is a leader of a recognized industry, nation, state, or vertical. Example of cornerstone customers include the U.S. government, with the defense industrial base, whereby a large systems integrator, along with a branch of the military, that are securing their thousands of supply chain members within a Collective Defense community. Another example is a global investment fund in the Asia Pacific Japan region with a $300 billion portfolio. IronNet's relationship with this fund led to securing a single portfolio company as a community customer, and IronNet has now expanded to multiple companies within the fund's portfolio.

By securing business with organizations that are influential in their sector, proving its value through its Collective Defense solution, and partnering with their senior leadership, IronNet believes it can sell into similar organizations effectively and with great credibility.

IronNet's emphasis on information sharing has also helped it find particular success working with key industry associations, such as the Electricity Information Sharing and Analysis Center, or E-ISAC, to capitalize on the strong relationships and shared goals among member organizations. By becoming a trusted thought leader responding to their shared challenges in cybersecurity, IronNet seeks to gain access to potential customers while providing cybersecurity insight, instruction, and advice to the association as well—a core tenet of its Collective Defense mission.

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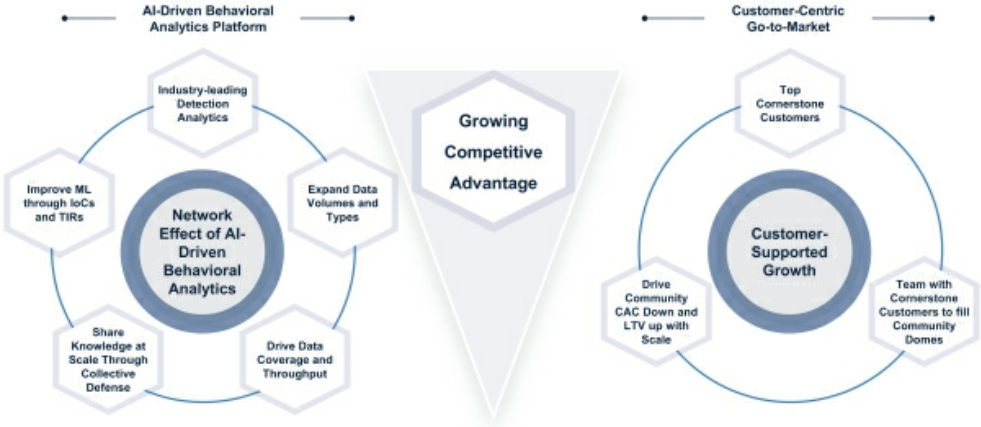
The overall effect of its go-to-market approach drives two powerful network effects, which are depicted in the graphic below. The first is the growth in the value of IronNet's platform as it ingests more and different data to improve the detection of its machine learning-driven algorithms. The second is its customer community-driven growth model, which drives a more efficient route to market with lower community customer acquisition costs and higher customer lifetime values.



IronNet's Growth Strategy

IronNet sees the opportunity for multi-dimensional innovation and growth. IronNet believes that the SolarWinds/SUNBURST attack in 2020 has validated its mission to drive AI-driven behavioral analytics and Collective Defense to the overall security market.

IronNet's revenues have grown steadily since its first product release in 2016. It made its first moves to the cloud in 2018, and it intends to accelerate scalability from its cloud offerings. This evolution in IronNet's products allow it to deploy to customers more rapidly, scale more quickly, and drive revenue growth.

IronNet's strategies to grow its business include the following:

Grow its customer base by replacing legacy and other NDR products

Given the limitations of existing products in the NDR, SIEM, IDPS, EDLP, and Threat Intelligence Software segments, IronNet intends continue to grow its customer base organically as organizations replace these signature-based and stand-alone offerings with AI-driven behavioral analytics and Collective Defense. Its customer acquisition campaigns and channel partnerships with MDR providers are expected to allow IronNet to pair pursuit of large enterprise customers with cost-effective penetration into smaller and medium-sized enterprises.

Further expand offerings with existing customers

IronNet will continue to expand its relationships with its customers by expanding its network coverage of their business towards 100% and by cross-selling additional Collective Defense offerings. When IronNet first deploys its products to a customer, it usually covers only a portion of their network traffic. As IronNet is able to demonstrate the value of its behavioral analytics and membership in Collective Defense, it has up-sell

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opportunities as it expands network coverage to other parts of the business or portfolio. IronNet also has the opportunity to cross-sell offerings like cloud traffic analytics or digital fraud detection. Over time, IronNet seeks to deploy its solutions enterprise-wide for all customers, thereby increasing its revenue from existing customers and therefore its dollar-based net retention rates.

Expand into new customer segments

While IronNet first targeted large and sophisticated enterprise customers, it also has an internal sales development team and an inside sales team to expand its go-to-market efforts. These teams focus on early qualification and development for cycles with potential cornerstone customers. They utilize intelligence from IronNet's Account Based Marketing system as well as social sales development tools to nurture these opportunities to a handoff point with field sales. These teams also focus on full cycles with potential community members once a cornerstone-driven Collective Defense community has been established. IronNet is using a combination selling approach to scale its sales into additional industry verticals, with which it can sell its Collective Defense capabilities to the largest enterprises or smallest businesses with any level of security sophistication and budget.

Extend its Collective Defense platform and ecosystem

IronNet designed its architecture to be open, interoperable, and highly extensible. It is constantly adding integrations to its platform in order to ingest more sources of data for analysis and to provide detection outputs to more response systems. IronNet also adds new algorithms and new combinations of algorithms to detect behaviors of unknown but potentially malicious attacks. In addition, IronNet innovates with partners to add IronNet NDR and Collective Defense capabilities to their customer offerings. An example of this is IronNet's recent announcement of a strategic partnership with Jacobs Engineering Group, an international technical professional services firm, under which the parties will work together to develop an end-to-end solution designed to detect and prevent damaging and difficult-to-detect cyberattacks that continue to plague organizations across public and private sectors. The joint offering of Jacobs' managed services capabilities and IronNet's advancements in machine learning and AI provides their respective customers a more thorough approach to network security. IronNet expects that innovations and partnerships such as its partnership with Jacobs will enhance the distribution of its platform and represent future sources of revenue.

Broaden reach into the U.S. federal government vertical

IronNet spent the first five years of its life building foundational customer relationships in the commercial sector. This was intentional, as its company mission required it first to build the technology and business basis required to protect the private side of the public/private partnership. IronNet is now actively investing in the acquisition of customers in the U.S. federal government vertical. IronNet is FedRAMP Ready and is registered with the Department of Homeland Security Continuous Diagnostics & Monitoring program approved products list to provide federal agencies with innovative security tools. In addition, its platform is deployed in the AWS GovCloud. IronNet is pursuing opportunities in the civilian, defense, and intelligence sectors.

Expand its international footprint

IronNet is expanding its international operations and will continue to invest globally to broaden its international footprint. IronNet intends to grow its presence in the Asia Pacific Japan and EMEA regions by adding headcount and establishing overseas hosting relationships.

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vendors charge a premium for expert Customer Success care, IronNet includes access to its CS team as part of a customer's subscription, including a dedicated Customer Success Manager for the life of the subscription.

At the onset of a new deployment, IronNet's CS team works with customer stakeholders to map out what success looks like, determine the key deliverables required to achieve those goals and create a success plan for the life of the partnership.

Governance and Maturity Services

These services measure adherence to specific regulatory or contractual requirements and provide measurable data as to the maturity of the organization's cybersecurity capabilities.

Cybersecurity Readiness Services

Given that threat actors continuously change their tactics, techniques, and procedures ("*TTP*"), these services are designed to ensure organizations are prepared for the latest and most immediate threats.

Incident Response Services

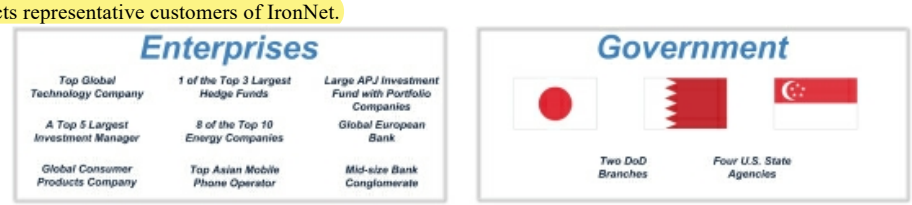
IronNet provides incident response and digital forensic investigative services powered by an accomplished team with deep expertise. IronNet specializes in providing incident response and digital forensic investigative services to companies of all sizes, ranging from large U.S. Fortune 50 companies to smaller organizations.

Training

Leveraging decades of cybersecurity experience, IronNet's results-focused training programs enable customers to unlock a higher level of cyber resilience. IronNet adopts a hands-on approach to build technical proficiency and operational confidence using industry best practices. Cyber skillset training techniques include hunt methodology, offensive methodology, data analytics for security intelligence, SOC leadership, cyber threat intelligence operations, executive education, and custom cyber threat seminars.

IronNet's Customers

Some of the world's largest enterprises, government organizations, high-profile brands, and governments trust IronNet to protect their networks. The following graphic depicts representative customers of IronNet.



Customer case studies

Critical infrastructure customer case study: Southern Company

Within IronNet's first months in business, it had five major utility companies sharing cyber events in the IronDome across 25 states, helping secure infrastructure that delivers power to nearly 35 million customers.

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Situation: Serving nine million customers across six states, Southern Company faced risks as a target for cyber attackers to steal information or disrupt operations.

Solution: As an early adopter of Collective Defense, one of the reasons Southern Company works with IronNet is to get high quality, automated situational awareness and to move away from relying on manual methods. Southern Company invested in its partnership with IronNet to increase its ability to detect Advanced Persistent Threats, reduce dwell time and more quickly recover in the event of an attack.

IronNet's relationship with Southern Company extends beyond just a vendor/client relationship, as senior leadership from both companies appear together at numerous events and government briefings to discuss their positions on topics like nuclear energy and the security of the U.S. power grid.

Southern Company's Chief Information Security Officer notes that "Broad situational awareness within sectors and across sectors is something we believe in, and why we are doing work with IronNet and many other partners in energy and other critical sectors, both nationally and internationally."

Critical infrastructure case study: American Electric Power (AEP)

Situation: With the nation's largest transmission system consisting of more than 40,000 miles of transmission lines and more extra-high-voltage transmission lines than all other companies combined in North America, AEP needed to ensure the security of its own operations—while recognizing its role in contributing to the security of the electrical grid overall. collaborative cyber defense to combat adversaries.

Solution: Collective Defense provides the high-fidelity threat sharing to make AEP's cyber intelligence truly actionable, to ensure the cyber security of its 5.5 million customers.

AEP's Chief Security Officer says that "AEP values the relationship and initiatives being led by Gen. Alexander and IronNet."

Financial services customer case study: NBH Bank

Situation: National Bank Holdings ("*NBH"*) needed a way to detect unknown threats. Monitoring only known threats, or "signatures" such as compromised domain names, IP addresses, or file hashes, missed a huge swath of threats that evade traditional signature-based threat detection. NBH needed a tool that could alert the security team of advanced threats across the cyber kill chain, in real time, in turn empowering the team to take action before the threat could affect operations.

Solution: After evaluating other platforms, NBH chose IronDefense for its ability to successfully detect malicious behaviors for DNS Tunneling, Domain Generation Algorithm (DGA), and Periodic Beaconing HTTP. As part of an IronDome, NBH has strengthened its ability to take proactive action against emerging threats detected by machine learning and further qualified by anonymized knowledge-sharing in the Collective Defense ecosystem.

NBH selected IronNet because of its precise analytics; proactive hunt team support; partnership with IronNet's Customer Success team; and the ability to crowdsource expertise across their peers through Collective Defense.

NBH's VP of Enterprise Technology has stated that it views IronNet's Collective Defense as the "next big thing in cyber."

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Sovereign wealth fund customer case study

Situation: An Asia-Pacific-based sovereign wealth fund with a $300 billion portfolio needed better visibility of network threats across its portfolio companies. Prior to implementing Collective Defense, neither the sovereign wealth fund nor its portfolio companies had a viable method for correlating IoCs across multiple organizations. They also lacked the ability to detect malicious threat activity based on network behaviors.

Solution: The company chose a Collective Defense IronDome to reduce time to detection via threat sharing across its portfolio companies.

In one instance, IronNet analytics detected a sinister BotNet intrusion attempt into the firm's perimeter. The detection allowed the firm to act fast and catch the BotNet on their firewall before it got inside their network – all within 24 hours of detection.

The fund's Chief Technology Officer said that "None of our other threat hunting tools sparked an alarm. This may suggest that we can turn off some of our other threat hunting tools and save some money by using IronNet. This is IronNet value at work"

In addition to becoming an IronNet customer, the sovereign wealth fund also later became an investor in IronNet.

Oil & gas customer case study

Situation: A Fortune 500 midstream natural gas and crude oil pipeline company sought to increase its detection capabilities and accelerate threat response. Other methods of information sharing proved challenging for driving real business value.

Solution: IronDome provides visibility across the sector and an instantaneous way to share anonymized threat information, allowing the company to identify unknown threats faster and react more quickly. Based on network behavior, IronNet's detection analytics help the company to maximize the value of its other cybersecurity investments by identifying potential misconfigurations or gaps to tighten overall security.

According to the company's leader of Security Operations, "IronNet is truly a partner and not just another vendor."

IronNet's Sales and Marketing

Sales

IronNet uses a "to and through" sales strategy. By maintaining a direct sales force consisting of senior-level account executives with deep security and high-tech experience, IronNet has been able to leverage extensive professional networks and build inroads to strategic accounts. Because of this and the caliber of its senior leadership team, IronNet believes it has a differentiated ability to convene CEOs, Chief Information Security Officers (CISOs) and other leaders within an entire industry, such as energy company CEOs. This is what enables its cornerstone/community selling approach.

IronNet has three sales teams in the United States: Public Sector, covering federal, state and local segments; Critical Infrastructure, covering energy, oil & gas, and related segments; and Enterprise, covering financial services, insurance, tech, and a variety of other sectors. IronNet has direct sales staff in six countries, as well as a growing portfolio of channel, managed services and technology partners across the United States, Europe, Middle East and Africa (EMEA) and Asia-Pacific regions to scale its ability to discover, qualify, and close business.

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In addition, IronNet has inside sales development teams to expand its selling capabilities. These teams focus on early qualification and development of opportunities that they either close directly or transition to the field sales teams (for named accounts). These inside teams' primary objective is filling Collective Defense communities with smaller companies.

Marketing

IronNet's marketing organization employs high-tech multichannel digital and content marketing for lead generation, aggressive public relations, social media and thought leadership programs to drive awareness, and specialization in strategies such as employee advocacy and search engine optimization. IronNet was recently the top organic search engine result for "Network Detection and Response" in a competitive market.

IronNet's public relations and media program has resulted in regular coverage in business press, cybersecurity trade media and industry trade media.

IronNet's event program is focused on exposure to audiences that are aligned to its sales strategy. IronNet incorporates a combination of both large industry events like Black Hat with regional and sector-focused events that allow it to capture leads on new customers to build out Collective Defense communities. Immediately at the onset of the COVID-19 pandemic, IronNet pivoted its in-person event plan and launched a program of more than 40 webinars over the past 12 months with industry thought leaders. IronNet also regularly hosts customers on its webinars as a strategic way to create customer case studies from transcripts.

IronNet focuses on providing compelling content for both demand generation and awareness-building. Its monthly Threat Intelligence Briefs summarize the IOCs and detections its SOC has discovered in order to inform the efforts of other operations analysts in the cybersecurity space. IronNet's threat researchers produce in-depth analysis on topics such as ransomware detection and unique technical observations about the SUNBURST attack and other topics, which have been featured in media outlets. This helps build credibility with the security analyst audience, a key influencer in the buying process.

IronNet's Partnership Ecosystem

The IronNet partner ecosystem consists of leading organizations that have been carefully selected to help it deliver the power of Collective Defense across a variety of dimensions.

Technology partners

When used together, IronNet's partner integrations leverage its collective threat intelligence to react in real time, as well as proactively combat threats across the entire network, and create workflows that mitigate compromised devices. IronNet's integrations are designed to increase the efficiency of security teams with smarter, more effective workflows built through collective threat intelligence. To streamline the alert triage and incident response processes, IronDefense can integrate with a number of security products, including:

- SIEM tools to retrieve logs, share detections, and retrieve analyst feedback;
- SOAR tools to share detections, retrieve analyst feedback, and augment existing playbooks;
- EDR platforms to ingest endpoint event and entity context and initiate response to malicious activity; and
- NGFW products to dynamically block malicious activity and ingest logs for analysis.

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Current and planned future integrations and APIs include:

Cloud
- AWS
- Azure
- GCP

SIEM
- Splunk
- IBM QRadar
- Microsoft Azure Sentinel
- LogRhythm

SOAR
- Cortex XSOAR (formerly Demisto)
- Splunk Phantom
- Swimlane

ITSM
- ServiceNow

EDR
- CrowdStrike
- Carbon Black
- Forescout
- Tanium

NGFW
- Palo Alto Networks
- Checkpoint Software Technologies
- Zscaler

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Go To Market (GTM) Partners

With its GTM partners, IronNet seeks to accelerate service growth and value for their customers through a mutually beneficial program.

Raytheon Technologies

This partnership delivers cybersecurity solutions that defend against advanced threats that leverage behavior-based network traffic analysis and collective defense. The Raytheon-IronNet partnership combines IronNet's Collective Defense Platform with Raytheon's Managed Security Operations Center ("*MSOC*"), Managed Detection and Response ("*MDR*") and Cyber Security Operations Center ("*CSOC*") capabilities. This partnership delivers new analytical solutions that strengthen enterprise protection, along with a customized onboarding to integrate and operate the platform.

Accenture

IronNet and Accenture work together to help companies protect critical infrastructure by quickly deploying and updating a system of machine-speed, advanced threat analytics across IT and Operational Technology, which automatically filters out the noise of false positives with the insight provided by community sourced context. Accenture provides the expertise in scalable implementation when it orchestrates the IronNet collective defense platform, delivering actionable attack information in real-time for their customers to prevent impact to critical infrastructure.

MDR/MSSP partners

Chosen channel partners work with IronNet to develop and deliver an end-to-end solution designed to detect and prevent damaging and difficult-to-detect cyberattacks that continue to plague organizations across public and private sectors. For example, Jacobs' partnership with IronNet brings together unique capabilities, helping customers to navigate the complexities of the current threat landscape more easily. Jacobs provides a full spectrum of professional services including consulting, technical, scientific and project delivery for the government and private sector. The joint offering of Jacobs and IronNet collective defense platform brings advancements in machine learning and AI, which provides innovative cyber defense detection to discover both known and unknown cyber threats, allowing a more thorough and effective approach to network security for their clients.

IronNet's other integration and sales partners include Atlantic Data Forensics, Blacklake Security, Booz Allen Hamilton, Unlimited Technology, ArmorText, Carahsoft, Domain Tools, Ensign Infosecurity, Forescout and Global Cyber Alliance.

IronNet's Research and Development

IronNet's Engineering and Product Development teams are responsible for the architecture and implementation of its Collective Defense platform. Its team of data scientists, data engineers, and emerging threat researchers work together to continually improve the analytics which drive IronDefense. IronNet's Cloud Infrastructure and Sensor teams are dedicated to making IronDome sustained reliability, and scalable on premises and in the cloud.

IronNet is built upon innovations in cybersecurity technology, delivering continuous improvement in detection and mitigation of threats. Its expertise and history in defense and cybersecurity brings a holistic point of view to the design of its solutions, allowing it to find novel threats and share them in real time. IronNet focuses investment on research into emerging threats and advanced data science to keep its Collective Defense platform at the forefront of the most dangerous security issues. IronNet uses feedback from its customers and channel

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partners, as well as studies of market needs, to guide product development, ensuring prioritization of new integrations, product features and functionality.

IronNet has a regular weekly cadence to report internally on its own infrastructure and security operations, as well as the health of all of its customer instances. On an annual basis, IronNet uses a third-party penetration testing team to test its environment. Additionally, IronNet uses its internal Red Team to perform quarterly testing and its Security Operations Center ("*SOC*") vulnerability scans in its environment at least monthly. IronNet also monitors and reports on hunt findings and threat intelligence updates.

IronNet's Competition

The market for IronNet's products and services is intensely competitive and characterized by rapid changes in technology, customer requirements, and by frequent new product and service offerings and improvements. IronNet competes with a range of established and emerging security solution vendors. Conditions in its market could change rapidly and significantly as a result of technological advancements, partnerships, or acquisitions by competitors or continuing market consolidation and IronNet expects the competitive environment to remain intense.

IronNet's competitors include the following by general category:

- First-generation NDR vendors such as DarkTrace or Vectra Networks, who offer point products based on Bayesian analysis, outlier analysis, and heuristic detection-based detection;
- Network security vendors, such as Cisco and Palo Alto Networks, Inc., who are supplementing their core network security additional behavioral-based detection with behavioral-based detection, threat intelligence and security operations solutions; and
- Legacy network infrastructure and performance monitoring companies such as ExtraHop and Arista Networks, who are adding security use cases to their infrastructure products.

IronNet competes on the basis of a number of factors, including but not limited to its ability to:

- Detect advanced network threats and to prevent security breaches;
- Anonymously correlate and share threats in real-time across a community of peer enterprises;
- Share human-intelligence across a Collective Defense community on how peer enterprises have rated and triaged similar detections; and
- Integrate with other participants in the security ecosystem.

IronNet also competes on its:

- Time to value, price, and total cost of ownership;
- Brand awareness, reputation, and trust in IronNet's services;
- Strength of sales, marketing, and channel partner relationships; and
- Customer success, cyber hunt, and cyber advisory services.

Although some of IronNet's competitors enjoy greater resources, higher brand recognition, broader range of IT and security products, larger existing customer bases, or more mature intellectual property portfolios, IronNet believes that it competes favorably with respect to these factors.

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Investing in business growth

Since inception, we have invested significantly in the growth of our business. We intend to continue to invest in our research and development team to lead product improvements, our sales team to broaden our brand awareness and our general and administrative expenses to increase for the foreseeable future given the additional expenses for finance, compliance and investor relations as we grow as a public company. In addition to our internal growth, we may also consider acquisitions of businesses, technologies, and assets that complement and bolster additional capabilities to our product offerings.

Key Business Metrics

We monitor the following key metrics to measure our performance, identify trends, formulate business plans and make strategic decisions.

Recurring Software Customers

We believe that our ability to increase the number of subscription and other recurring contract type customers on our platform is an indicator of our market penetration, the growth of our business, and our potential future business opportunities. We have a history of growing the number of customers who have contracted for our platforms on a recurring basis, which does not include our professional services customers. Our recurring software customers include customers who have a recurring contract for either or both of our IronDefense and IronDome platforms. These platforms are generally sold together, but they also can be purchased on a standalone basis. We have consistently increased the number of such customers period-over-period, and we expect this trend to continue as we increase subscription offerings to small and medium-sized businesses, in addition to increased subscription offerings for our larger enterprise customers. The following table sets forth the number of recurring software customers as of the dates presented:

	Three Months Ended April 30,	
	2021	2020
Recurring Software Customers	44	20
Year-over-year growth	120%	43%
	Year Ended January 31,	
	2021	2020
Recurring Software Customers	27	20
Year-over-year growth	35%	43%

Annual Recurring Revenue ("ARR")

ARR is calculated at a particular measurement date as the annualized value of our then existing customer subscription contracts and the portions of other software and product contracts that are to be recognized over the course of the contracts and that are designed to renew, assuming any contract that expires during the 12 months following the measurement date is renewed on its existing terms. We believe this is a reasonable assumption as less than 1% of an approximate total of $160 million in cumulative ARR that would have been reported over the last 12 quarters through the end of fiscal year 2021 did not renew the contract. The following table sets forth our ARR as of the dates presented:

	Three Months Ended April 30,	
	2021	2020
	(in millions)	
Annual recurring revenues	$25.6	$16.6
Year-over-year growth	54%	18%
	Year Ended January 31,	
	2021	2020
	(in millions)	
Annual recurring revenues	$25.8	$15.0
Year-over-year growth	72%	37%

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Dollar-based Average Contract Length

Our dollar-based average contract length is calculated from a set of customers against the same metric as of a prior period end. Because many of our customers have similar buying patterns and the average term of our contracts is more than 12 months, this metric provides a means of assessing the degree of built-in revenue repetition that exists across our customer base.

We calculate our dollar-based average contract length as follows:

- Numerator: We multiply the average total length of the contracts, measured in years or fractions thereof, by the respective revenue recognized for the last three months of each reporting period.
- Denominator: We use the revenue attributable to software and product customers for the same three month period used in the numerator. This effectively represents the revenue base that is being generated by those customers.

Dollar-based average contract length is obtained by dividing the Numerator by the Denominator. Our dollar-based average contract length decreased from 3.4 to 2.8 years, or 18%, as of April 30, 2021 as compared to April 30, 2020 and decreased from 3.5 to 2.9 years, or 17% as of January 31, 2021 as compared to January 31, 2020. As our revenues and our customer base increases, we expect our average contract length to trend downward over time. Declines in average contract length are not reflective of the average lifetime of a customer.

	Three Months Ended April 30,	
	2021	2020
	(in years)	
Dollar-based average contract length	2.8	3.4

	Year Ended January 31,	
	2021	2020
	(in years)	
Dollar-based average contract length	2.9	3.5

Calculated Billings

Calculated billings is a non-GAAP financial measure that we believe is a key metric to measure our periodic performance. Calculated billings represent our total revenue plus the change in deferred revenue in a period. Calculated billings in any particular period aims to reflect amounts invoiced to customers to access our software-based, cybersecurity analytics products, cloud platform and professional services, together with related support services, for our new and existing customers. We typically invoice our customers on multi-year or annual contracts in advance, either annually or monthly. Calculated billings decreased $0.4 million, or (5)%, in fiscal quarter 2022 over fiscal quarter 2021 and increased $19.7 million or 85%, in fiscal 2021 over fiscal 2020. As calculated billings continues to grow in absolute terms, we expect our calculated billings growth rate to trend down over time. We also expect that calculated billings will be affected by timing of entering into agreements with customers; and the mix of billings in each reporting period as we typically invoice customers multi-year or annually in advance and, to a lesser extent, monthly in advance.

While we believe that calculated billings may be helpful to investors because it provides insight into the cash that will be generated from sales of our subscriptions, this metric may vary from period-to-period for a number of reasons, and therefore has a number of limitations as a quarter-to-quarter or year-over-year comparative measure. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our metric of calculated billings as tools for comparison. Because of these and other limitations, you should consider calculated billings along with revenue and our other GAAP financial results.

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The following table presents a reconciliation of revenue, the most directly comparable financial measure calculated in accordance with GAAP, to calculated billings:

	Three Months Ended April 30,		2021 vs 2020	
	2021	2020		
	(in millions)			
Revenue	$ 6.4	$ 6.9	(0.5)	(7)%
Add: Total Deferred revenue, end of period	36.2	23.6	12.6	53%
Less: Total Deferred revenue, beginning of period	34.0	20.3	13.7	68%
Calculated billings	8.6	10.2	(1.6)	(16)%

	Year Ended January 31,		2021 vs 2020	
	2021	2020		
	(in millions)			
Revenue	$29.2	$23.2	6.1	26%
Add: Total Deferred revenue, end of period	34.0	20.3	13.7	67%
Less: Total Deferred revenue, beginning of period	20.3	20.3	0.0	0%
Calculated billings	42.9	23.2	19.7	85%

Components of Our Results of Operations

Revenue

Our revenues are derived from sales of software subscriptions, subscription-like software products and software support contracts as well as from professional services. Products, subscriptions and support revenues accounted for 96% of our revenue in fiscal quarter 2022, for 78% of our revenue in fiscal quarter 2021 and for 85% of our revenue for each of fiscal 2021 and fiscal 2020. Professional services revenues accounted for 4% of our revenue in fiscal quarter 2022, for 22% of our revenue in fiscal quarter 2021 and for 15% of our revenue for each of fiscal 2021 and fiscal 2020.

Our typical customer contracts and subscriptions range from one to five years. We typically invoice customers in advance. We combine intelligence dependent hardware and software licenses as well as subscription-type deliverables with the related threat intelligence and support and maintenance as a single performance obligation, as it delivers the essential functionality of our cybersecurity solution. Most companies also participate in the IronDome collective defense software solution that provides them access to IronNet's collective defense infrastructure linking participating stakeholders. As a result, we recognize revenue for this single performance obligation ratably over the expected term with the customer. Amounts that have been invoiced are recorded in deferred revenue or they are recorded in revenue if the revenue recognition criteria have been met. Significant judgement is required for the assessment of material rights relating to renewal options associated with our contracts.

Professional services revenues are generally sold separately from our products and include services such as development of national cyber security strategies, cyber operations monitoring, security, training, red team, incident response and tailored maturity assessments. Revenue derived from these services is recognized as the services are delivered.

Cost of Revenue

Cost of product, subscription and support revenue includes expenses related to our hosted security software, employee-related costs of our customer facing support, such as salaries, bonuses and benefits, an allocated portion of administrative costs and the amortization of deferred costs.

Cost of services revenue consists primarily of employee-related costs, such as salaries, bonuses and benefits, cost of contractors and an allocated portion of administrative costs.

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Gross Profit

Gross profit, calculated as total revenue less total costs of revenue is affected by various factors, including the timing of our acquisition of new customers, renewals from existing customers, the data center and bandwidth costs associated with operating our cloud platform, the extent to which we expand our customer support organization, and the extent to which we can increase the efficiency of our technology and infrastructure through technological improvements. Also, we view our professional services in the context of our larger business and as a significant lead generator for future product sales. Because of these factors, our services revenue and gross profit may fluctuate over time.

Operating Expenses

Research and development

Our research and development efforts are aimed at continuing to develop and refine our products, including adding new features and modules, increasing their functionality, and enhancing the usability of our platform. Research and development costs primarily include personnel-related costs and acquired software costs. Research and development costs are expensed as incurred.

Sales and marketing

Sales and marketing expenses consist primarily of employee compensation and related expenses, including salaries, bonuses and benefits for our sales and marketing employees, sales commissions that are recognized as expenses over the period of benefit, marketing programs, travel and entertainment expenses, and allocated overhead costs. We capitalize our sales commissions and recognize them as expenses over the estimated period of benefit.

We intend to continue to make significant investments in our sales and marketing organization to drive additional revenue, further penetrate the market and expand our global customer base. In particular, we will continue to invest in growing and training our sales force, broadening our brand awareness and expanding and deepening our channel partner relationships. We expect our sales and marketing expenses to decrease as a percentage of our revenue over the long term, although our sales and marketing expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

General and administrative

General and administrative costs include salaries, stock-based compensation expenses, and benefits for personnel involved in our executive, finance, legal, people and culture, and administrative functions, as well as third-party professional services and fees, and overhead expenses.

We expect that general and administrative expenses will increase in absolute dollars as we hire additional personnel and enhance our systems, processes, and controls to support the growth in our business as well as our increased compliance and reporting requirements as a public company.

Other income (expense), net

Other income (expense), net consists primarily of interest income, interest expense, and foreign currency exchange gains and losses.

Provision for income taxes

Provision for income taxes consists of federal and state income taxes in the United States and income taxes and withholding taxes in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our U.S. federal and state deferred tax assets.

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Results of Operations

Comparison of Fiscal Quarter 2022 and Fiscal Quarter 2021

The following tables set forth our consolidated statements of operations in dollar amounts and as a percentage of total revenue for each period presented (dollars in millions):

	Three Months Ended April 30,				2021 vs 2020	
	2021		2020			
	(in millions)					
Software, subscription and support revenue	$ 6.1	95%	$ 5.4	78%	$ 0.7	13%
Professional services revenue	0.2	3%	1.5	22%	(1.2)	(87%)
Total revenue	6.4	100%	6.9	100%	(0.5)	(7%)
Cost of software, subscription and support revenue	1.8	28%	1.5	22%	0.3	20%
Cost of service revenue	0.2	3%	0.3	4%	(0.1)	(33%)
Total cost of revenue	1.9	30%	1.8	26%	0.1	6%
Gross profit	4.4	69%	5.0	72%	(0.6)	(12%)
Operating expenses:						
Research and development	6.9	104%	7.4	108%	(0.5)	(7%)
Sales and marketing	7.1	112%	8.2	120%	(1.1)	(13%)
General and administrative	5.7	90%	5.8	84%	(0.1)	(1%)
Total operating expenses	19.8	305%	21.4	312%	(1.6)	(7%)
Operating loss	(15.3)	(235%)	(16.4)	(239%)	1.1	(7%)
Other (expense) income, net	(0.1)	(2%)	0.0	0%	(0.1)	nm
Loss before provision for income taxes	(15.4)	(237%)	(16.4)	(239%)	1.0	(6%)
Provision for income taxes	(0.1)	(1%)	(0.0)	0%	(0.1)	211%
Net loss	$(15.5)	(238%)	$(16.4)	(239%)	$ 0.9	(5%)

nm - not meaningful

Revenue

Total revenue decreased by $0.5 million or (7)% in fiscal quarter 2022 compared to fiscal quarter 2021 due to lower Professional services revenue compared to atypically higher services in the same period last year.

Software revenue increased by a net of 13% even while the company completed its transition from contracts that had material non-recurring elements to contract forms that were fully designed to renew. As our initial contract terms with legacy customers have expired, renewals of those customers have preserved and extended the recurring elements of those engagements.

Of the overall growth in software revenue, the subscription revenue portion increased by $2.7 million or 79%, in fiscal quarter 2022, from $3.4 million to $6.1 million and accounted for 99% of our total software revenue in fiscal quarter 2022, up from 63% in fiscal quarter 2021. A disproportionate amount of that growth compared to the same quarter of last year has come from new customers in the Asia-Pacific region. New customers, worldwide, accounted for $2.5 million of the subscription revenue increase, and existing customers accounted for a net increase of $0.2 million of the year over year growth. The $2.7 million increase in subscription revenue portion of our software revenue was offset by a $2.0 million decrease in non-recurring revenue as we completed our transition to recurring revenue type contracts. Software, subscription and support revenue overall accounted for 95% of our total revenue in fiscal quarter 2022 and for 78% of our total revenue in fiscal quarter 2021.

Professional services revenue decreased $1.2 million or 87% in fiscal quarter 2022 compared to fiscal quarter 2021, primarily due to the completion of a national cybersecurity strategy engagement in EMEA in fiscal 2021 and delays in professional services contract starts in fiscal quarter 2022 due to lockdowns from COVID-19. Professional services accounted for 3% of our total revenue in fiscal quarter 2022 and for 22% of our total revenue in fiscal quarter 2021.

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Cost of revenue

Total cost of revenue increased by $0.1 million or 6%, in fiscal quarter 2022, compared to fiscal quarter 2021. Cost of software, subscription and support revenue increased by $0.3 million or 20%, in fiscal quarter 2022, compared to fiscal quarter 2021. The increase was due primarily to an increase in overall product, subscription and support sales in fiscal quarter 2022 compared to fiscal quarter 2021.

Cost of service revenue decreased by $0.1 million or (33)% in fiscal quarter 2022, compared to fiscal quarter 2021. The decrease in cost of service revenue was primarily due to a decrease in overall professional services activity in fiscal quarter 2022 compared to fiscal quarter 2021.

Gross Profit and Gross Margin

Mix changes in cost of revenue resulted in an small decrease in software gross margin to 70.5% in fiscal quarter 2022 compared to 72.2% in fiscal quarter 2021. We expect that gross margins for the rest of fiscal 2022 will improve and be above the fiscal 2021 level. However, margins may remain volatile compared to fiscal 2021 due to the continuing presence of large contracts in our revenue mix.

The following tables show gross profit and gross margin, respectively, for software products and support revenue and professional services revenue for fiscal quarter 2022 as compared to fiscal quarter 2021.

	Three Months Ended April 30,			
	2021	2020	2021 vs 2020	
	(in millions)			
Software products margin	$ 4.4	$ 3.9	$ 0.5	13%
Professional services margin	—	1.2	(1.2)	(100%)
Total Gross profit margin	4.4	5.1	(0.7)	(14%)

	2021	2020	Change
Software products margin	71.4%	71.6%	(0.2%)
Professional services margin	23.3%	78.1%	(55.4%)
Total Gross profit margin	69.6%	73.1%	(3.5%)

Operating expenses

Research and development

Research and development expenses decreased by $0.5 million or (7)%, in fiscal quarter 2022, compared to fiscal quarter 2021 primarily due to the increased capitalization of research and development payroll. At 104% of total revenues in fiscal quarter 2022 compared to 108% in fiscal quarter 2021, we expect that our overall R&D expenditure rate as a percentage of sales will decline in the future.

Sales and marketing

Sales and marketing cost decreased by $1.1 million or (13)% in fiscal quarter 2022, compared to fiscal quarter 2021, primarily due to a large number of newly hired but not yet trained sales and marketing personnel in fiscal quarter 2021 which, decreased 20% over the course of the fiscal year as the company settled on its highest performing personnel. This led to a 11% decrease in sales and marketing payroll costs in fiscal quarter 2022 compared to the comparable prior quarter. At 112% of total revenues in fiscal quarter 2022 compared to 120% in fiscal quarter 2021, we expect that our overall sales and marketing expenditure rates as a percentage of revenues will continue to decline in the future.

General and administrative

General and administrative costs decreased by $0.1 million or (1)% in fiscal quarter 2022, compared to fiscal quarter 2021, including the one-time charges relating to the proposed combination of $0.6 million. This fluctuation

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is primarily due to a decrease in building rent, travel and depreciation from the company now operating in a wholly remote manner offset by a modest amount of additional costs for operations support software. At 90% of total revenues in fiscal quarter 2022 compared to 84% in fiscal quarter 2021. We expect that our overall general and administrative expenditure rates as a percentage of revenues will continue to decline in the future.

Other (expense) income, net

Other (expense) income, net changed by $(0.1) million in fiscal quarter 2022, compared to fiscal quarter 2021 primarily due to an increase in interest expense and was immaterial to the results of operations.

Provision for income taxes

The change in provision for income taxes was immaterial to the results of operations primarily due to our continued net loss position, the accumulation of net loss carryforwards, and offsetting valuation allowance.

Comparison of Fiscal 2021 and Fiscal 2020

The following tables set forth our consolidated statements of operations in dollar amounts and as a percentage of total revenue for each period presented (dollars in millions):

	Year Ended January 31,					
	2021		2020		2021 vs 2020	
	(in millions)					
Software, subscription and support revenue	$ 24.7	85%	$ 19.8	85%	$ 4.9	25%
Professional services revenue	4.5	15%	3.4	15%	1.1	32%
Total revenue	29.2	100%	23.2	100%	6.0	26%
Cost of software, subscription and support revenue	5.4	18%	5.9	25%	(0.5)	-8%
Cost of service revenue	1.6	5%	0.7	3%	0.9	129%
Total cost of revenue	7.0	24%	6.6	29%	0.4	6%
Gross profit	22.2	76%	16.6	72%	5.6	34%
Operating expenses:						
Research and development	25.8	88%	26.6	115%	(0.8)	-3%
Sales and marketing	30.4	104%	17.9	77%	12.5	70%
General and administrative	21.3	73%	20.5	88%	0.8	4%
Total operating expenses	77.5	265%	65.0	280%	12.5	19%
Operating loss	(55.3)	(-189)%	(48.4)	(-209)%	(6.9)	14%
Other income, net	(0.0)	0%	0.5	2%	(0.5)	-100%
Loss before provision for income taxes	(55.3)	(-189)%	(47.9)	-206%	(7.4)	15%
Provision for income taxes	(0.1)	0%	(0.0)	0%	(0.1)	nm%
Net loss	$(55.4)	-190%	$(47.9)	-206%	$ (7.5)	16%

nm - not meaningful

Revenue

Total revenue increased by $6.0 million or 26% in fiscal 2021 compared to fiscal 2020. The increase was mostly due to disproportionally high growth as the APJ and EMEA regions came online with their sales teams, increasing the proportion of total revenues from those regions to 26% and 13% of the total revenues in fiscal 2021, respectively, up from 7% and 7%, respectively in fiscal 2020.

Software, subscription and support revenue accounted for 85% of our total revenue in both fiscal 2021 and fiscal 2020. Software, subscription and support revenue accounted for 85% of our total revenue in both fiscal